



Daily Report

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General

Spokesman Reassures on 'Fair Play' in Trade With UK

HK0303140494 Hong Kong AFP in English 1051 GMT 3 Mar 94

[Text] Beijing, March 3 (AFP)—China, which has warned that the row over Hong Kong will hurt Britain's interests in the mainland market, gave reassurances Thursday that it conducted its trade on the basis of "fair play." "We welcome foreign companies coming to compete on the basis of fair play in the Chinese market," foreign ministry spokesman Shen Guofang told a weekly news briefing when asked about the threat to discriminate against British companies. "We always handle international trade in the spirit of principles of fair competition, equality, and mutual benefit and in the light of established international practices," said Shen.

European Union (EU) Commissioner Leon Brittan said here Tuesday that he had received "unequivocal" assurances from China that it would not take discriminatory action against any EU state on political grounds.

The assurances followed Chinese Foreign Trade Minister Wu Yi's reiteration the previous day of Beijing's stance that Britain's "unfriendly and uncooperative" behaviour on Hong Kong would inevitably damage Sino-British trade ties. The comment followed last month's escalation of the row between London and Beijing in the wake of the adoption by Hong Kong's legislature of part one of a bill broadening the franchise in the final elections before the colony reverts to China in 1997.

On the Hong Kong administration's announcement Wednesday that, even after the proposed transfer of funds to help pay for a 20.3 billion U.S. dollar airport, it would leave behind some 120 billion HK dollars (15.4 billion US) in reserves in 1997, Shen said only that China should not be left with a huge economic burden. "We must not leave an excessively heavy economic burden to the people of Hong Kong and the government of the future Hong Kong Special Administrative Region," said Shen, despite the fact that the level of reserves was nearly five times the amount London has guaranteed.

The financing of the airport is another bone of contention between Britain and China, with Beijing constantly raising concerns that it may become an excessive drain on the territory's funds.

Qiao Shi Addresses Asian Parliamentarians' Meeting

OW0303175194 Beijing XINHUA in English 1343 GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—Chinese top legislator Qiao Shi said here today that the National People's Congress (NPC), China's parliament, is always happy to

expand its cooperation and exchanges with its counterparts in other countries and help to stabilize the population in Asia and the rest of the world.

Qiao Shi, chairman of the NPC's Standing Committee, said this at a meeting with participants in the 10th Asian Parliamentarians' Meeting on Population and Development (APPD), which opened here today.

Welcoming all the participants, Qiao noted that most of the Asian countries are faced with the problems of population and development. The solution of this problem is of great significance to world peace, stability, prosperity and development.

In recent years, Asia has been enjoying booming economic growth and many countries here have also gained remarkable achievements in the population and family planning sectors, Qiao said.

He added that Asian countries have made great contributions to the solution of the population and development problem of the world.

Qiao told the guests that China's economy has logged relatively fast growth since it launched its reform and opening up drive more than a decade ago.

However, owing to its large population, the ratio of China's natural resources and industrial and agricultural products to its population is still very low, Qiao said.

In the past 20 years, China has been vigorously pursuing family planning. The decline of the birth rate has eased the contradiction between population growth and socio-economic development, natural resources and environmental protection.

Yet, China still has a long way to go in controlling population growth and lifting its people's living standard, Qiao stressed.

On the meeting, Qiao noted that the gathering was conducive to the strengthening of friendship among parliamentarians from various countries and to the solution of the population and development problems in Asia.

Fukusaburo Maeda, chairman of the Asian Population and Development Association, expressed thanks on behalf of all participants for China's warm reception and good organization.

Population and development are the biggest issues facing today's world, Maeda said.

He told Qiao that China has made great contributions in this area and expressed the hope that it would continue to do so.

Li Peng Urges Regional Cooperation in Family Planning*HK0403080294 Beijing CHINA DAILY in English 4 Mar 94 p 1*

[By staff reporter Ma Chenguang: "Asian Family Planning Urged—Conference Pushes More Regional Cooperation"]

[Text] Premier Li Peng yesterday called for greater regional cooperation to stem the population tide sweeping across Asia—home to 60 percent of the world's populace.

He pledged that China will continue its efforts at population control by sticking to its family planning policy; those efforts help develop the economy and improve people's daily lives.

And other Asian nations should formulate their own strategies. But their plans need to be developed according to individual characteristics, he said in a written statement to an Asian Pacific population seminar.

The question of population is a question of development in essence, the Premier added, and can only be tackled at its root according to each country's natural conditions, tradition and economic level.

The 10th Asian Parliamentarians Meeting on Population and Development is seeking solutions to Asian population problems.

More than 50 parliamentarians and scholars from 17 nations were drawn to the two-day seminar, organized by the Asian Population and Development Association (APDA) based in Japan and the Education, Science, Culture and Public Health Committee (ESCPH) of the National People's Congress of China. At the opening of the meeting, APDA Chairman Fukusaburo Maeda said controlling Asia's population is a decisive global issue. Its populace is expected to top 3.34 billion people this year.

It has six of the 10 most populated countries in the world: China, India, Indonesia, Pakistan, Japan and Bangladesh.

Maeda praised China's efforts to contain its birth rate, an "unmatched success in population policy while proceeding with rapid economic growth."

The population by the end of last year was 1.18 billion, according to the newly published statistics.

The birth rate fell from 33.43 per thousand in 1970—before family planning—to 18.09 in 1993. And natural population growth has continued its fall, from 14.55 per thousand in 1981 down to last years 11.45.

Without the policy 15 million more babies would have been born over the past five years.

Maeda said quick solutions to overpopulation in Asia would help ensure domestic stability.

Analysts recommended controlling the birth rate eradicating poverty, creating sufficient food and job opportunities, improving education standards, literacy rates and living conditions.

Chinese ESCPH Chairman Zhao Dongwan said that the nation's ultimate goal is to educate and explain to the people why family planning is so important. That way, he said, future generations will carry on the practice on their own.

He admitted that obstacles to China's development and population quality still exist, including economic and social development, resource utilization and environmental protection.

China, by sharing problems of unbalanced population problems and socio-economic development with other developing Asian countries, needs to strengthen cooperations with them to further contain its expansion of population.

Also yesterday, NPC Standing Committee Chairman Qiao Shi, parliamentary leader, met with the Asia-Pacific parliamentarians and scholars at the Great Hall of the People.

Li Lanqing Meets With Asian Fund Chairman*OW0303133994 Beijing XINHUA in English 1300 GMT 3 Mar 94*

[Text] Beijing, March 3 (XINHUA)—Chinese Vice-Premier Li Lanqing met Moeen A. Qureshi, former senior vice-president of the World Bank here today.

Qureshi, a long-time senior vice-president of the World Bank, now chairs the Asian Fund which is jointly financed by the Singapore Government and the American International Group.

The Asian Fund plans to raise as much as 1.2 billion U.S. dollars and invest in China.

During the meeting, Qureshi said that the Asian Fund hopes to invest in spheres which are given top priority in economic development, especially infrastructure.

Li welcomed the Asian Fund's intention to select sound projects into which to put its money.

Qureshi arrived in Beijing on March 1 on a visit at the invitation of the Ministry of Finance.

Beijing Appoints New Envoys to Equatorial Guinea, Laos

OW0403111794 Beijing XINHUA in English 0914
GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—Chinese President Jiang Zemin appointed new ambassadors today to Equatorial Guinea and Laos in line with a decision of the Standing Committee of the National People's Congress.

Accordingly, Xu Shaohai will replace Wang Yongcheng as Chinese ambassador to Equatorial Guinea and Li Jiazhong will replace Huang Guocai as Chinese ambassador to Laos.

Japan Expresses Concern Over U.S. Super 301 Move

OW0403121394 Beijing XINHUA in English 1019
GMT 4 Mar 94

[Text] Tokyo, March 4 (XINHUA)—Japan today expressed its concern over the U.S. decision to revive the Super 301 trade provision.

Chief Cabinet Secretary Masayoshi Takemura said at the news conference "we have to express concern about the U.S. Government move to build up the strength of its procedures that would clear the way for unilateral action in resolving trade disputes with other countries."

U.S. President Bill Clinton reinstated Thursday [3 March] the lapsed trade measure that gives Washington the right to impose sanctions if Japan fails to meet the U.S. demand on greater market access to foreign products.

The top government spokesman Takemura told reporters that Prime Minister Hosokawa received a phone call from Clinton last night. The prime minister told Clinton that Japan is working on a package of market-opening measures and hoped that both countries should show restraint over trade disputes.

Takemura said that Japan "strongly hopes that the government of the United States will act in a sensible manner."

Meanwhile, Premier Hosokawa ruled out any immediate steps to counter the U.S. latest move. He noted that he and President Clinton had "agreed to deal with the matter coolly" in their telephone conversation last night.

Japanese business executives across the country deplored the U.S. move. Gaishi Hiraiwa, chairman of the Federation of Economic Organizations, pointed out that Super 301 runs counter to the spirit of the General Agreement on Tariffs and Trade.

Hosaku Inaba, president of the Japan Chamber of Commerce and Industry, noted that the U.S. apparently wants to use the clause as a tool to take the upper hand in its trade talks with Japan.

South Korea Regrets U.S. Revival of Super 301

OW0403121294 Beijing XINHUA in English 1021
GMT 4 Mar 94

[Text] Seoul, March 4 (XINHUA)—South Korea today expressed regret over the reviving by the U.S. Government of the Super 301 trade provision.

A Foreign Ministry spokesman said that the South Korean Government deeply regrets that the U.S. Government revives the Super 301 provision through administrative means, at a time when the Uruguay Round of talks is almost bringing about a worldwide free trade system after seven years of negotiations.

U.S. President Bill Clinton reinstated Thursday [3 March] the lapsed trade measure that gives Washington the right to impose sanctions if a trading nation with the U.S. fails to meet the U.S. demand on greater market access.

South Korea always considers that international trade disputes should not be solved by the domestic law of one country, but through the process decided by the World Trade Organization.

The 301 provision was first made in 1974 to impose sanctions on the countries that had unfair trade practice with the U.S.

In 1988, the U.S. Government created the Super 301 provision, which strengthened and quickened the imposition process of such sanctions.

The U.S. decided to revive Super 301 after U.S.-Japan trade talks broke down.

UN Envoy Says More Blue Berets Needed in Bosnia

OW0403073294 Beijing XINHUA in English 0717
GMT 4 Mar 94

[Text] Belgrade, March 3 (XINHUA)—The UN protection force in Bosnia needs 10,650 more soldiers to carry out its mission there, Yasushi Akashi, special envoy for the UN secretary-general, said Thursday [3 March].

Addressing a press conference held in Zagreb, Akashi said 4,600 soldiers are needed for Sarajevo and 6,050 for other regions of Bosnia.

He stressed that the international community must guarantee the increase if it sincerely hopes for a peace in the war-torn former Yugoslav republic.

If the request is not met, he warned, all the achievements of the peace efforts made in Sarajevo will be lost again.

According to Jean Cote, former commander of the UN protection force in Bosnia, Turkey, Malaysia, Egypt and Jordan are willing to join the protection force in Bosnia. But whether these countries will be invited to send their troops will be decided by the United Nations.

Cote said the United States, Britain and France should contribute the most to the protection force.

UN Official Sends Message To IOC on Former Yugoslavia

OW0403085394 Beijing XINHUA in English 0828 GMT 4 Mar 94

[Text] Geneva, March 3 (XINHUA)—A representative for the United Nations has sent a message of thanks to the International Olympic Committee [IOC] for its efforts to bring peace to the former Yugoslavia, according to the Lausanne-based IOC on Thursday [3 March].

Yasushi Akashi, special representative of the UN secretary-general for the former Yugoslavia, sent the message to IOC President Juan Antonio Samaranch, which reads as follows:

"At the end of the '94 Lillehammer Winter Olympic Games and as the truce in Sarajevo still holds, I would like to express my best wishes to you personally and to the Olympic movement.

"Particularly at this time, it is encouraging to have seen in Lillehammer that pride in one's national achievements can still co-exist with friendship and joy among nations."

On February 16, the IOC delegation paid one day visit of Sarajevo, the 1984 Winter Olympics host city which has been torn by the civil war.

Karadzic Criticizes U.S. on Muslim-Croat Agreement

OW0403094294 Beijing XINHUA in English 0839 GMT 4 Mar 94

[Text] Belgrade, March 4 (XINHUA)—Bosnian Serb leader Radovan Karadzic Thursday [3 March] rapped the United States for replacing the role of the United Nations and other international institutions to arrange a federation agreement between the Bosnian Muslims and Croats.

Speaking to the press after returning from a visit to Moscow, Karadzic said the Serb side would do all it can to maintain peace on all fronts, so that the new round of peace talks would be held in a possibly good atmosphere.

He also stressed that the alliance between Muslims and Croats should not be allowed to hurt the Serbs.

"It is no good for the United States to replace the role of the United Nations and other international institutions," he said.

The Bosnian Muslims and Croats reached an agreement this week in Washington to set up a federation. The United States was the arranger of the talks for the agreement.

Karadzic also said that since Washington has hosted the talks on Bosnia, why should Moscow not host other talks?

He said that Russia's participation in peace efforts in Bosnia has a "decisive meaning" and would establish a balance of power in the international scene.

In another development, the UN Secretary general Butrus Butrus-Ghali told the UN Security Council on Thursday that the four Galeb combat aircrafts shot down by NATO forces on February 28 took off from Serb-controlled area in Croatia.

United States & Canada

XINHUA Cites U.S. Official on Constructive Relations

OW0403063194 Beijing XINHUA in English 0618 GMT 4 Mar 94

[Text] Washington, March 3 (XINHUA)—A senior U.S. official said here today that the United States hopes to build a more constructive relationship with China.

Assistant Secretary of State Winston Lord told reporters at a news briefing that "the China-U.S. relationship is extremely important, and as we look ahead over the coming decades, increasingly important."

"We wish to have constructive relations with a stable and prosperous China," Lord noted, "that remains the clear intent and hope of the President."

Lord made the statement one week before U.S. Secretary of State Warren Christopher pays a visit to Beijing.

Pro-Beijing Column Views Christopher Visit

HK0403064394 Hong Kong TA KUNG PAO in Chinese 4 Mar 94 p 3

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "Crucial Talks Between Chinese Foreign Minister and U.S. Secretary of State in Middle of This Month"]

[Text] Sino-U.S. Relations Enter a New Stage

The Chinese Ministry of Foreign Affairs announced yesterday that U.S. Secretary of State Warren Christopher would visit China from 11 to 14 March at the invitation of Foreign Minister Qian Qichen. It is believed that this meeting of the foreign ministers of China and the United States will produce results in improving bilateral relations and alleviating some contradictions between the two countries.

In Washington, talking about his visit to Asia, U.S. Secretary of State Christopher said that in September last year, President Bill Clinton had instructed him to develop relations with China in a broader way. In November, while attending the Asia-Pacific Economic Cooperation forum, the Chinese President Jiang Zemin

met with Clinton in Seattle. Since then "Sino-U.S. relations have entered a new stage." These remarks indicate that the United States is paying great attention to Secretary of State Christopher's visit to China.

Since the summer of 1989, relations between China and the United States have been at a low ebb. It was not until November last year, when the top leaders of the two countries met after an absence of nearly five years, that relations between the two countries began to develop toward a new direction. Although there are still contradictions between China and the United States, such as the U.S. deficit in bilateral trade, China's human rights situation, and disputes over intellectual property rights, as noted by the United States, with the exception of the human rights issue, on which China maintains its own position and all the more opposes U.S. linkage of human rights with granting most-favored-nation [MFN] trading status to China, the other two problems are easy to solve, and, moreover, are being resolved.

Both Sides at Odds With Each Other on Human Rights Issue

As such, the crux of the failure of Sino-U.S. relations to further improve lies in the human rights issue. When leaving Beijing for home on 2 March, Assistant Secretary of State John Shattuck, who had finished a two-day visit to China, said that China had made some progress in improving its human rights. However, further progress on human rights was needed if it wanted Clinton to extend its MFN status in June. Obviously, this means continuing to bring pressure to bear on China. On this issue, a Chinese Ministry of Foreign Affairs spokesman reiterated China's position yesterday: Opposing U.S. linkage of the human rights issue with MFN status.

However, the purpose of Shattuck's visit to Beijing was to make arrangements for Christopher's visit to China. At meetings with many top-level Chinese officials, including Vice Foreign Minister Liu Huaqiu, Shattuck stressed that the Clinton administration hoped to strengthen Sino-U.S. relations. However, on the MFN renewal issue, China must make improvements. He clearly remarked: "This is the bottom line for the U.S. Government."

It can thus be seen that whether or not this deadlock can be broken or what form it assumes depends on the current Beijing talks between the foreign ministers of the two countries.

Seeking a Point of Compromise in the Deadlock

On the one hand, under pressure from Congress, the Clinton administration has strongly demanded China to respond on the human rights issue so that he can justify himself on the issue, and, on the other hand, he also faces strong pressure from American manufacturing, business, and economic circles, which oppose the use of political means to compel China to submit. If China and

the United States fall out with each other, Chinese retaliation against the United States will also be detrimental to its economy.

It must be pointed out that the U.S. economy has entered a new stage of stable growth from recovery. U.S. economic strategy puts stress on Asia. The vast market of China is precisely what the United States desires most. It is obvious that since the Sino-U.S. summit in November last year, Clinton has decided to develop economic relations with China and Southeast Asia. In terms of the international political situation, for the United States and China to maintain friendly relations will benefit the economic and political stability of the two countries, Asia, and the world at large.

In fact, China has been continuously improving its human rights. This has been acknowledged by many officials from the United States and Europe who have visited China. It must be said that it would be conducive to both sides and feasible for the foreign ministers of the two countries to seek a long-term solution to the MFN issue in one move by proceeding on the basis of their long-term and immediate interests.

XINHUA Reports U.S. Reinstates Super 301 Trade Law

OW0303205194 Beijing XINHUA in English 2032 GMT 3 Mar 94

[Text] Washington, March 3 (XINHUA)—U.S. President Bill Clinton signed an executive order here today reinstating the defunct Super 301 trade law, America's ultimate weapon in forcing trade concessions from foreign countries.

Speaking at a White House ceremony this afternoon, U.S. Trade Representative Mickey Kantor called the Super 301 a "strong market opening tool."

Further on Revival of Super 301

OW0303212294 Beijing XINHUA in English 2107 GMT 3 Mar 94

[Text] Washington, March 3 (XINHUA)—U.S. President Bill Clinton signed an executive order here today reinstating for two years the defunct Super 301 trade law.

Speaking at a press conference this afternoon, U.S. Trade Representative Mickey Kantor called the Super 301 a "strong market opening tool" which was to "complement our market opening efforts and to establish trade priorities."

As early as November 1991, during the presidential campaign, Clinton pledged to reinstate the trade law, which was called America's ultimate weapon in forcing trade concessions from foreign countries.

"It should be clearly understood we are not designating or identifying any practice of any country today, rather,

we are putting in place the Super 301 procedure." Kantor stressed to reporters.

In 1994 and 1995, Kantor said, the U.S. Trade Representative Office will identify unfair trade practices of the priority countries by September 30, six months after the annual trade estimate report on March 31.

Twenty one days after the September 30 identification, priority countries will become the subjects of U.S. investigation on unfair trade practices.

The first step, Kantor explained, is the consultation in effort to eliminate barriers to the U.S.. If no agreement is reached, further U.S. investigation will be conducted which might lead to trade sanctions.

The Super 301, Kantor said, was a "flexible instrument" and an "early warning." "Our goal is to eliminate all the major trade barriers around the world which block market access for our products and services. No one should doubt our commitment to move forward," he said.

The trade representative stressed, meanwhile, that Super 301 was a message to "any country" which practices unfair trade with the U.S..

"Japan is unique among developed nations in maintaining trade barriers, it could have impact on Japan and other countries," Kantor said.

'Backgrounder' Views U.S. Use of Super 301 Trade Law

OW0303210494 Beijing XINHUA in English 2041 GMT 3 Mar 94

["Backgrounder": "U.S. 'Super 301' Trade Law"]

[Text] Washington, March 3 (XINHUA)—U.S. President Bill Clinton signed an executive order here today reinstating his legal authority to use Super 301 trade law to impose trade sanctions against foreign countries.

Super 301 is an amendment to Section 301 of the 1974 trade act, which gives the President authority to impose trade sanctions, although it allows trade disputes to drag on for as long as a decade.

Under Super 301, effective from 1988 to 1990, U.S. names the countries which it says engage in unfair trade practices and, if a resolution is not reached in 18 months, imposes punitive tariffs, sometimes as high as 100 percent, on certain imports from these countries.

In 1989, Japan, Brazil and India were the targets for Super 301. The threat of trade sanctions resulted in concessions from Brazil and Japan, especially in the areas of processed wood products, supercomputers and satellites.

Reinstitution of Super 301 by an administrative fiat from the President, meanwhile, supersedes efforts in Congress to renew the measure through legislation.

U.S. Announces Resumption of Talks With DPRK

OW0303214594 Beijing XINHUA in English 2130 GMT 3 Mar 94

[Text] Washington, March 3 (XINHUA)—The United States announced here today it agreed to begin a third round of formal talks with the Democratic People's Republic of Korea (DPRK) in Geneva on March 21.

"The talks will aim at a thorough and broad resolution of the nuclear and other issues that separate the DPRK from the U.S. And the rest of international community," State Department spokesman Michael McCurry said in a statement.

Assistant Secretary of State Robert Gallucci will head the U.S. delegation to the third round negotiation.

The announcement came after a team of inspectors from the International Atomic Energy Agency (IAEA) began their work at the DPRK's nuclear sites and representatives of the Republic of Korea (ROK) and the DPRK resumed discussion at Panmunjom earlier today.

The department spokesman also announced that the United States agreed to suspend the combined military exercise, Team Spirit in 1994, with the ROK.

However, McCurry said that "the long-standing security relationship between the ROK and the U.S. remains strong, and the suspension of Team Spirit '94 will not weaken our joint defensive capabilities."

McCurry stressed, "the undertakings of the U.S. regarding Team Spirit '94 and a third round of U.S.-DPRK talks are based on the premise that the IAEA inspections will be fully implemented and the South-North nuclear dialogue will continue through the exchange of special envoys."

Li Lanqing Meets With American Express Vice Chairman

OW0303133794 Beijing XINHUA in English 1303 GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—China today signed a cooperation agreement with American Express to make that company's credit card the country's official tourism credit card.

The agreement was signed here by China's National Tourism Administration and a delegation from the U.S. American Express company led by Jonathan Linen, its vice-chairman.

Jonathan Linen and the company's delegation later today had a meeting with Chinese Vice-Premier Li Lanqing.

Northeast Asia

Vice Premier Zhu Rongji Concludes Japan Visit

OW0403071294 Beijing XINHUA in English 0700
GMT 4 Mar 94

[Text] Fukuoka, Japan, March 4 (XINHUA)—Chinese Vice Premier Zhu Rongji left here today for home after a nine-day visit to Japan.

Zhu told reporters Thursday [3 March] that his visit has achieved the expected results and said he believes that Sino-Japanese ties, especially in economic cooperations, will be further consolidated.

Before his departure for Beijing, he said in a message sent to Japanese Foreign Minister Tsutomu Hata that his visit has reached the expected goal of enhancing understanding, strengthening friendship and promoting cooperation.

This was Zhu's first trip to Japan since he became vice premier in 1991.

During his stay in Tokyo, the vice premier met Emperor Akihito, Prime Minister Morihiro Hosokawa and held talks with foreign Minister Hata.

He also met some 260 business leaders, leading bankers and corporate executives.

Arrives in Beijing

OW0403111694 Beijing XINHUA in English 1017
GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—Chinese Vice-Premier Zhu Rongji, concluding his official good-will visit to Japan, returned here by special plane this afternoon.

Greeting him at the airport were Chinese State Councillor and Secretary-General of the State Council Luo Gan, minister in charge of the state planning commission Chen Jinhua, Vice-Foreign Minister Liu Huaqu and Japanese Ambassador to China Michihiko Kunihiro.

PLA Chief of General Staff Receives DPRK Delegation

SK0403033994 Beijing China Radio International in Korean 1100 GMT 3 Mar 94

[Text] Comrade Zhang Wannian, chief of the General Staff of the People's Liberation Army [PLA], met with a delegation of the Foreign Affairs Bureau of DPRK Ministry of People's Armed Forces led by Major General Kim Hak-sam, director of the Foreign Affairs Bureau, and arranged a banquet for them in Beijing on 2 March.

During the meeting, the two parties talked in a warm atmosphere about friendship between the PRC and the DPRK, and between their respective armed forces. They

also exchanged views on the exchange [naewang] of PRC and DPRK armed forces in 1994.

Near East & South Asia

Sri Lankan Journalists Interview Qian Qichen

OW0203150994 Beijing XINHUA Domestic Service in Chinese 0800 GMT 2 Mar 94

[By reporters Hu Guangyao (5170 0342 5069) and Li Zheng (2621 2398)]

[Text] Colombo, 1 Mar (XINHUA)—In an interview with Sri Lankan journalists here, Qian Qichen, Chinese vice premier and concurrently foreign minister, said China stands for establishing a new international political and economic order, which should be founded on the basis of the Five Principles of Peaceful Coexistence.

In response to a reporter's question about the role China will play in the future world, Asia in particular, the Chinese foreign minister said: "If we say that China can play a certain role in this process, China should be a factor for promoting world peace and economic development."

Touching on Sino-Sri Lankan trade and economic relations, Qian Qichen said: In recent years, China and Sri Lanka have seen new features in their economic and trade activity, that is, both countries have pursued a policy of economic reform and opening up and their economic developments have accelerated.

He pointed out: Under such circumstances, bilateral economic exchanges should not be limited to those between the governments. Greater emphasis should be placed on exchanges between nongovernmental sectors. They can explore various investment and cooperation opportunities.

When asked by a reporter about China's experience in economic reform, he said: China has been quite successful in its economic reform. Over the past 15 years, a market economy has been gradually instituted in China and the economic growth has continued. Meanwhile, the basic socialist system has remained unchanged. He added: In the process of reform, although China has learned from some advanced experiences of foreign countries, it has proceeded from the realities in the country and taken its own road.

Qian Qichen Arrives in Iran 4 Mar for 3-Day Visit

OW0403081694 Beijing XINHUA in English 0753
GMT 4 Mar 94

[by Chen Ming, Rong Song]

[Text] Tehran, March 4 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen arrived here

this morning for a three-day official visit to Iran in a bid to promote bilateral relations.

Qian and his 14-member delegation were greeted by Iranian Foreign Minister 'Ali Akbar Velayati at the Tehran International Airport.

Upon his arrival, Qian told reporters that the Chinese and Iranian peoples have their long traditional friendly relations, saying that "we are glad to see many exchange visits by the two countries' high-ranking officials in recent years."

"Cooperation between the two countries have been well expanded and the two countries have the same or similar views toward many regional and international issues," Qian said.

He said that he was eager to meet Iranian leaders, saying that he will discuss ways of developing the friendly relations between the two countries and exchange views over international issues and regional situation with Iranian Foreign Minister Velayati.

Welcoming Qian, Velayati said that cooperation between Iran and China would help maintain peace and stability in the region, adding that Iran pays much importance toward developing relations with China and this is a decisive decision.

This is the last leg of Qian's five-nation tour which has taken him to Pakistan, Bangladesh, Sri Lanka and Maldives. He started the tour on February 21.

During his visit, Chinese foreign minister is expected to meet with Iranian President Hashemi-Rafsanjani, Majlis Speaker 'Ali Akbar Nateq-Nuri and other high-ranking officials, and have talks with the Iranian foreign minister.

The past few years witnessed a steady development of the bilateral relations after visits of state leaders of the two countries. The good political ties have facilitated economic and trade relations. The trade volume between China and Iran jumped to 712 million U.S. dollars in 1993, representing a 63.2 increase over the previous year.

According to Chinese trade officials, China's export products have expanded from light industrial products and garment in the past to large production lines, equipment, machinery and high technology at present.

In economic and technological cooperation, the two countries have also made progress and the two sides have launched 41 projects with a total investment of 1.6 billion U.S. dollars in the past decade, which range from dam construction, machinery industry to nonferrous industry.

More on Qian's Arrival

OW0403121594 Beijing XINHUA Domestic Service in Chinese 1048 GMT 4 Mar 94

[By reporter Chen Ming (7115 6900)]

[Text] Tehran, 4 Mar (XINHUA) - Qian Qichen, vice premier of China's State Council and concurrently foreign minister, arrived here this morning for a three-day official goodwill visit to Iran.

Qian Qichen and his entourage were greeted by Iranian Foreign Minister 'Ali Akbar Velayati and other officials at the Tehran International Airport. This is the third time that Qian Qichen visits Iran since October of 1939.

In an interview by reporters at the airport, Qian Qichen said: "A traditional friendship exists between the Chinese and Iranian people, and relations between the two countries date back to ancient times. We are glad to see many exchanges of visits in recent years by leaders and officials of all levels in the two countries. Friendly relations and cooperation between the two countries have expanded continuously, and the two countries share identical or similar views on many major international and regional issues."

He said: "I believe that this visit will definitely further enhance friendship and mutual understanding between the two peoples, and it will promote the development of friendly relations and cooperation between the two countries."

Velayati said: "The relationship between Iran and China is very important and decisive. Iranian-Chinese cooperation can serve as a pillar of peace and stability in the Asian region."

West Europe

Beijing Reportedly Overrules Guangdong on UK Contracts Ban

HK0403074094 Hong Kong SOUTH CHINA MORNING POST in English 4 Mar 94 p 6

[By Louis Won]

[Text] Beijing has overruled the Guangdong provincial government's decision to discriminate against British firms when awarding the remaining contracts of the Guangzhou underground rail projects a source said.

The move comes after Guangzhou Mayor Li Ziliu said British companies would have no chance of winning the remaining two contracts of the rail project because of the Sino-British dispute on Hong Kong's political reform.

Meanwhile, the top representative of the European Union (EU) in Hong Kong confirmed the EU had been given assurances from China that there would be no discrimination against firms from any of the union's member states because of political reasons.

Etienne Reuter, head of the office of the European Commission in Hong Kong, said the EU did not see any "material consequences" from the "verbal threats" from China that it would discriminate against British traders. He said the EU had not received complaints from any British traders. He added that China's boycott against any members of the union because of political reasons would not be compatible with trade and co-operation agreements between the EU and the mainland.

But Mr. Reuter said if there were evidence that China discriminated against any traders from its member countries, the union would consult China and try to come up with a solution before taking any measures against Beijing.

International Certificate Examination Center Founded

OW0403020894 Beijing XINHUA in English 0117
GMT 4 Mar 94

[Text] Shanghai, March 4 (XINHUA)—Shanghai Science and Technology Education Examination Center for International Certificates, a mark of the fruitful cooperation between China and Britain in this field, was inaugurated in the city's science hall recently.

Jointly sponsored by Shanghai's Association of Science and Technology, the London City and Guilds Institute (C&GI) and Pitman Examination Institute (PEI) of Britain, the center organizes further education, adult education and professional training programs.

Internationally recognized education certificates will be issued after strict examinations with international standards.

Emphasis will be laid on science and technology education. This year's exam list includes accounting, English, secretarial skills, home electric appliances, refrigeration techniques and computer applications.

Textbooks and test papers will be provided by the British and they will also be responsible for evaluation and certification.

At the inauguration ceremony, both sides showed confidence and determination to make contributions to international exchanges and expansion of China's reforms in this field.

China, Belgium, Luxembourg Economic Union Meets in Beijing

OW0303175294 Beijing XINHUA in English 1346
GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—The 10th session of the Economic and Trade Mixed Committee between China, Belgium and Luxembourg was held here today.

Wu Yi, Chinese minister of foreign trade and economic cooperation, and Robert Urbain, Belgian minister of foreign trade and European affairs, co-hosted the meeting.

Wu said that Sino-Belgian cooperation in economy, trade and science and technology maintained its development in 1993 on the basis of 1992, and Belgian investment in China has shown a positive trend.

China spared no efforts to import advanced technology and equipment from Belgium, she said.

She expressed the hope that Belgium would try to increase its imports of Chinese products.

Sino-Luxembourg cooperation in the fields of steel and iron and finance were satisfactory, she added.

The above-mentioned achievements were gained through joint efforts of three governments and their industrial and commercial circles.

Urbain said that economic and trade contacts between the two countries have become closer, and cooperation on telecommunications was especially successful.

He expressed the hope that the current session of the committee would further the friendly cooperative ties between China and the Belgium and Luxembourg Economic Union.

Chinese Vice-Premier Li Lanqing met here this afternoon with Robert Urbain, and extended his congratulations on the success of the meeting.

Urbain arrived in Shanghai on Monday at the invitation of Wu Yi.

Trade With Belgium 'Surging' Despite Deficit

HK0403080094 Beijing CHINA DAILY in English 4
Mar 94 p 2

[By staff reporter Wang Yong: "Trade Grows With Belgium in Spite of Deficit"]

[Text] Trade with Belgium is surging despite China's deficit with the European nation.

Wu Yi, the Chinese foreign trade minister, said in Beijing yesterday that bilateral trade has improve since a flurry of high-level visits between the two sides last year.

Her view was shared by Robert Urban, visiting Belgian Minister for Foreign Trade and European Affairs who announced that his country would increase credit this year to finance more exports to and investment in China.

"The Belgian government has urged its financial institutions to provide more support for trade with China," he said yesterday at a trade conference between China, Belgiur and Luxembourg.

Wu urged Belgium to provide more loans to promote bilateral trade.

From 1979 to 1993, Belgium provided China with more than \$100 million in loans to support projects in energy, pharmaceuticals, textiles electronic and environmental protection.

Last year, Belgium's exports to China surged 71.4 percent to reach \$786 million, while two-way trade hit an all-time high of \$1.39 billion. Wu said China's trade deficit was more than \$100 million with Belgium.

She said she hoped steps would be taken to narrow the deficit.

China sent purchasing delegations to Belgium in 1991 and 1992, helping to clinch import contracts worth \$54 million.

A follow-up delegation in 1993 nailed down imports worth \$250 million.

In particular, China has increased imports of advanced technology and equipment from Belgium.

Last year, the country signed four import agreements in the sector valued at more than \$30 million.

Meanwhile, China's trade with Luxembourg also increased, hitting a record high of \$36 million last year.

The surge was bolstered mainly by imports of steel products from the tiny European nation.

Cooperation With Airbus Industrie Enhanced

OW0403025694 Beijing XINHUA in English 0158 GMT 4 Mar 94

[Text] Shanghai, March 4 (XINHUA)—China Eastern Airlines will this year buy four airbuses from the Airbus Industrie of Europe, according to official sources.

China Northern Airlines and Northwestern Airlines have also ordered five airbuses from the company, according to a press conference held here Tuesday [2 March] by the company.

Officials of the company in charge of China affairs said that the company plans to set up a training center in Beijing, to train professional pilots for China.

The company and the China aviation suppliers corporation several days ago signed a co-operative pact under which some departments of the China aviation industry will produce spare parts for the company, official sources said.

Defense University Chief Zhu Dunfa Visits Portugal

OW0403042394 Beijing XINHUA Domestic Service in Chinese 0503 GMT 3 Mar 94

[By reporter Chen Jiaying (7115 1367 3841)]

[Text] Lisbon, 2 Mar (XINHUA)—During separate meetings with General Zhu Dunfa, president of the Chinese People's Liberation Army [PLA] National Defense University, General Dapont [transliteration of name as received], chief of staff of the Portuguese Armed Forces, and Lopez, state secretary for national defense, expressed their hopes that contacts between the armed forces of the two countries can continue to develop.

During the meetings, General Dapont indicated the Portuguese Armed Forces will strive to promote the development of relations between the two countries' armed forces. State Secretary Lopez stressed that all countries are reforming and reorganizing their armed forces in accordance with the changes in the world situation, and Portuguese and Chinese armed forces can promote their mutual understanding and learn from one another through contacts. They said the development of Sino-Portuguese relations accords with the wishes of the two countries, and is conducive to world peace and stability.

The PLA National Defense University delegation headed by Zhu Dunfa arrived in Lisbon on the evening of 1 March.

Political & Social

Deng Said To Urge Close Economic Integration with Taiwan

HK0403071394 Hong Kong WEN WEI PO in Chinese
4 Mar 94 p A2

[By staff reporter Chen Chien-ping (7115 1696 1627): "The Mainland Will Strengthen Its Economic Integration With Taiwan, and Decides To Establish Investment Zones for Taiwan Businessmen in Coastal Areas To Curb the Taiwan Independence Movement"]

[Text] Beijing, 3 Mar (WEN WEI PO)—An authoritative person here has disclosed that in the near future the central authorities will approve the establishment of several investment zones for Taiwan businessmen in coastal areas to meet the needs of the situation of investment by Taiwan businessmen in the mainland. In revealing this new policy, the high-level leadership of the central authorities stressed that we should not rush headlong into mass action in the establishment of investment zones for Taiwan businessmen and that we should carry out solid work in economic relations and trade with Taiwan. How we establish such zones depends on how we absorb investment by Taiwan businessmen, and we should not confine ourselves to one form.

The authoritative person quoted Deng Xiaoping as saying that the Taiwan independence movement can best be contained by letting the economy of the two sides become closely integrated. The high level of the central authorities stressed that this viewpoint of Deng Xiaoping should be embodied in the entire work on Taiwan and that economic relations and trade with Taiwan is engineering that places hope in the Taiwan people.

A high-level leader of the central authorities said in a relevant speech a few days ago that the central authorities hold that the request for the establishment of investment zones for Taiwan businessmen put forward by some localities is good and that they are considering giving approval to the establishment of several such zones on a trial basis in several localities along the coast. However, we should not rush headlong into mass action in the establishment of investment zones for Taiwan businessmen, but should make arrangements and give approval in a planned manner. The central authorities hold that localities which are not on the coast need not focus all their attention on investment zones for Taiwan businessmen and that there are numerous ways to attract Taiwan capital. For example, a major Taiwan businessman can be allowed to develop a vast stretch of land and then this businessman can attract other businessmen to come. In this way, it will be possible to attract more Taiwan businessmen to a development zone in a short time, and the open zone will naturally take shape faster. Localities which fail to obtain approval for the establishment of investment zones for Taiwan businessmen may follow this very good method.

The authoritative person continued to quote a high-level leader of the central authorities as saying that in recent years, Taiwan businessmen have vied with one another in making investment in the mainland. The volume of investment has grown by a big margin and some businessmen have even asked to contract the development of a large stretch of land. This being the case, since some coastal economic development zones are already almost filled with construction projects, and their fund-raising capacity is almost fully utilized, these zones are far from being able to meet the actual needs of investment by Taiwan businessmen. The central authorities approving the establishment of investment zones for Taiwan businessmen and approving the adoption of more open policies for attracting Taiwan capital is precisely to meet the needs of the situation as it has developed.

He said that to attain reunification, it is first of all necessary to let the Taiwan compatriots really understand the mainland, particularly the tremendous changes since reform and opening up began 15 years ago. The overwhelming majority of Taiwan compatriots who invest in the mainland will benefit from the market on the mainland. The increase in economic exchanges will enable the Taiwan compatriots to increase their understanding of the mainland and will deepen the feelings and friendship between the people of the two sides of the strait.

Leading Dissident Wei Jingsheng Held by Beijing Police

HK0403090394 Hong Kong AFP in English 0846 GMT
4 Mar 93

[Text] Beijing, March 4 (AFP)—China's most celebrated dissident Wei Jingsheng was taken from his elder brother's house by Beijing police Friday morning, his secretary Tong Yi said by phone. He was taken away at 10 a.m. (0200 GMT) by three police officers, Tong said, adding that Wei had telephoned later in the afternoon to tell her to cancel all his appointments for the next two days. According to Tong, Wei gave no indication as to why he had been picked up or when he would be released.

During a meeting in Beijing with U.S. Undersecretary of State John Shattuck last Sunday, Wei had called on the U.S. Government to take a tough stand with China over human rights.

Wei, 43, was released from prison on September 14, six months before the end of a 15-year sentence handed down in 1978 for counter-revolutionary activities. Wei played a leading role in the 1978 Democracy Wall movement when he called for full democracy in China and denounced senior leader Deng Xiaoping as a despot.

Dissident Zhou Guoqiang 'Being Interrogated'

HK0403030894 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1210 GMT 3 Mar 94

[Text] Beijing, 3 Mar (ZHONGGUO TONGXUN SHE)—This reporter has learned from the relevant department in Beijing that Zhou Guoqiang [0719 0948 1730], who has colluded with hostile forces outside the border in carrying out lawbreaking activities such as opposing the government, instigating others to cause trouble, and disrupting social order, is today being interrogated by the public security organ which is acting according to law.

According to the relevant department, Zhou Guoqiang, 39, is a legal consultant with the Beijing Audio-Visual Equipment Company. He actively participated in the riots which were aimed at overthrowing the government in Beijing in 1989, and he was a member of the illegal "Autonomous Federation of Workers" organization. From June to September 1989 he was detained and interrogated, then released after writing a letter of repentance. But in recent years Zhou Guoqiang has continued to collude with hostile organizations and elements inside and outside the border to carry out activities against the government. In October 1993 Zhou held a meeting of members of illegal organizations and compiled articles instigating activities against the government; he then unlawfully held a reception for foreign reporters, to distribute those articles; and he also used a fax machine, which was illegally installed without applying for approval from the posts and telecommunications department, to send the articles to Hong Kong, in order to create some influence outside the border. This year, Zhou Guoqiang has actively planned to print a large number of "culture shirts [wen hua shan 2429 0553 5904]," which are aimed at causing discontent; he has also planned to distribute these "culture shirts" on 8 and 10 March when the National Committee of the Chinese People's Political Consultative Conference and the National People's Congress are under way, claiming that he wanted to "create as much influence as possible." He has also planned to sell these "culture shirts" in society on an extensive scale, to stir up discontent among the masses and disrupt social order.

Police Detain Lawyer, Others in Beijing, Shanghai

HK0403045294 Hong Kong SOUTH CHINA MORNING POST in English 4 Mar 94 pp 1, 10

[By Chris Yeung and Daniel Kwan]

[Text] Beijing police yesterday detained the lawyer who helped the dissident unionist, Han Dongfang, file a lawsuit against the Chinese authorities. The lawyer was picked up for counter-revolutionary offences according to a semi-official news agency.

Zhou Guoqiang, 39, was held by public security officers for questioning over a series of alleged anti-government

activities, the Hong Kong China News Agency (HKCNA) [ZHONGGUO TONGXUN SHE] said quoting sources from relevant departments in Beijing.

Unconfirmed reports said three other dissidents were taken away by police in Beijing early yesterday morning, including a Beijing University scholar, Yuan Hongbin, and a Beijing-based labour activist, Qian Yumin. The identity of the other dissident remained unclear. Last night, Shanghai police picked up dissident Bao Ge "for a chat", his family said.

The detentions raised fears of a fresh round of persecution of political dissidents to ensure stability as the annual session of the National People's Congress draws near.

The action coincides with a series of high-level meetings between senior U.S. official John Shattuck and Beijing officials on China's human rights. It will provide new ammunition for US congressmen who are campaigning for Washington to place greater pressure on China to improve its human rights record in order to secure an extension of its trade privileges.

Mr. Zhou is a close friend of Mr. Han, who was leader of the outlawed Beijing Workers' Autonomous Federation, formed at the height of the 1989 pro-democracy demonstrations.

Mr. Han, who was prevented from entering China from Hong Kong after his expulsion late last year, claimed last night a large-scale crackdown against dissidents was underway. "Although this is not the first time they have taken Zhou away for questioning...they may have decided to put him behind bars for some time."

The unionist said the detention would cause a very bad impact on China's chance of renewing its Most Favoured Nation (MFN) trading status this year. "I am afraid the Chinese authorities do not really seem to care about the MFN now. It looks like they are rounding up people now so that they can release some when the time comes," he said.

The HKCNA report said Mr. Zhou had been involved in "collaboration with hostile forces outside the country" and unlawful anti-government activities incitement and disruption of social order.

Mr. Zhou is now the legal adviser at a audio-visual appliances company in Beijing. A member of the federation in 1989, he was detained from June to September that year. He was later freed after showing an attitude of repentance, the report said. But "relevant departments" told the news agency that Mr. Zhou had continued to forge ties with unnamed foreign hostile forces to engage in anti-government activities.

It claimed that the dissident convened an unlawful meeting last October to compile an "anti-government article" and then held a press conference for foreign journalists. He was also accused of using an unregistered

facsimile machine to send the article to Hong Kong, "creating a bad influence outside China", the HKCNA said.

Mr. Zhou joined a group of lesser-known dissidents in publishing a Peace Charter last October, calling for an improvement in human rights and the replacement of one-party rule with a multi-party system. At least three of the nine signatories of the charter have been detained for questioning by police. Only Qin Yongmin remains behind bars. He was sentenced to two years in a reform-through-education camp outside Wuhan earlier this year.

According to the HKCNA, Mr. Zhou had organized the production of a large number of "culture T-shirts" emblazoned with slogans. He had planned to distribute the T-shirts during the upcoming congress and Chinese People's Political Consultative Conference annual sessions, it said.

According to Mr. Han the T-shirts prepared by Mr. Zhou and his friends mainly carried slogans concerning the labour movement in the mainland and were not for distribution during the congress.

"I understand they haven't yet printed those T-shirts. It's still cold in Beijing and they plan to sell them in the summer," he added.

Further on Dissident Arrests in Beijing

HK0403050094 Hong Kong HONGKONG STANDARD in English 4 Mar 94 p 7

[By Amy Liu and Angel Lau]

[Excerpt] Four prominent dissidents have been detained in Beijing in advance of next week's convening of the national legislature.

Two dissidents, Zhou Guoqiang, an outspoken member of the political reformist Peace Charter group, and Yuan Gongbing, an editor of a banned book, were arrested in the past two days for alleged illegal activities.

The arrests come at a time when a U.S. official in Beijing has claimed Chinese leaders may be considering again whether to abolish a law by which thousands of people have been made political prisoners. Dissident sources said police also picked up Qian Yumin, a fellow member of the Peace Charter group, early Wednesday morning and activist lawyer Wang Jiaqi.

The detention of Mr. Zhou was confirmed last night by the semi-official Hong Kong China News Agency, which said he was being investigated for his contacts with hostile overseas forces and anti-government activities.

Mr. Yuan, a Beijing University law lecturer, was arrested on Wednesday at his home in the city by police after a recent petition to the law committee under the standing committee of the National People's Congress (NPC). He

was alleged to have committed criminal offences, a Chinese source told THE HONGKONG STANDARD.

Analysts believe the detentions are related to the opening of the legislature, which in the past has been marked by a tightening of security. The news agency said Mr. Zhou had planned to distribute "cultural T-shirts" with slogans airing grievances at next Thursday's opening of congress. In 1992, Mr. Yuan sued the government for banning his book, *The Tide of History*. The court refused to accept the case.

The arrests coincided with the current visit by United States Assistant Secretary for Human Rights John Shattuck to Beijing. [passage omitted cites THE NEW YORK TIMES]

Leaders Stress Need To Eliminate Poverty

OW0303160894 Beijing XINHUA in English 1546 GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—China's ambitious plan to wipe out abject poverty by the year 2000, solving food and clothing shortages for its now-remaining 80 million poverty-stricken citizens, will certainly be realized as long as arduous efforts are made, Chinese president Jiang Zemin said here today.

Speaking at a national conference on poverty elimination, which was attended by Premier Li Peng and other senior Chinese leaders, Jiang said that the most important experience which China has gained from its progress in past poverty reduction is the shift of the poverty alleviation policy from merely material aid to comprehensive social and economic development strategy in poor areas.

Practice shows that a poverty reduction strategy which is market-oriented, relies on advancement of science and technology and exploitation of local resources, will not only provide enough food and clothes for the poverty-stricken people, but also a way to prosperity, said Jiang Zemin, who is also general secretary of the Central Committee of the Communist Party of China (CPC).

He described the shift as fundamental and said it should be continued in a long period of time to come.

Elimination of poverty and common prosperity is the basic requirement of socialism and reflection of the advantages of a socialist system over others, he noted.

He pointed out that capable cadres should be selected and all walks of life should be mobilized to help poor areas.

The party leader also stressed the need for local people's self-reliance and arduous efforts in the nationwide poverty reduction drive.

Premier Li Peng said that it was an unshirkable historical responsibility of communists of his generation and people's governments of all levels to eliminate abject poverty by the year 2000, solving food and clothes shortages for the 80 million poor.

The plan is a strategic measure to gradually narrow the gaps between China's developed east and the developing west, he said.

The premier said that coastal areas and large and medium-sized cities, which have become relatively rich, should be encouraged to help the poor areas.

The central government should give adequate financial support to the poor areas, said Li.

He added that priority should be given to the poor areas when selecting a location for important investment projects.

The premier also spoke of the need to rationalize the pricing of raw materials and primary products, which will benefit the poor areas that are rich in resources.

Earlier, State Councillor Chen Junsheng announced on Monday at the meeting that the ambitious seven-year poverty reduction plan includes raising the annual net income of the majority of the 80 million people.

According to the plan, China will begin from this year to improve infrastructure construction in poor areas, solving drinking water shortages for the people and their domestic animals, making electricity available to most poor towns and connecting remote areas with national or regional road networks.

As part of the plan, China will improve the cultural, educational and public health levels in backward and poor areas, wipe out illiteracy among the young and middle-aged population, offer professional training to grown-ups and hold the natural population growth rate under the official limit.

"The realization of the plan will be of great significance. It will mean that the rights to subsistence of the Chinese people, who account for one-fourth of the world's population, will have been secured," said the state councillor, who is in charge of agriculture as well as China's poverty reduction efforts.

Most of the 80 million people are in remote mountain regions, rocky regions, loess plateau areas and remote deserts.

During the 1986-1992 period, poverty was eased among about 45 million poor people, an average of 6.8 million each year.

He disclosed that China will increase its investment in poor areas and has designated 582 counties as priority targets for poverty elimination.

China's poor had decreased from 125 million in 1986 to 80 million in 1992.

Hong Kong Journal Previews NPC Session

HK0403002394 Hong Kong CHING PAO in Chinese
No 3, 5 Mar 94 pp 22-25

[By Chang Mu (1728 3092): "To Implement Decision By the CPC Central Committee, the Government Work Report to NPC Session Will Announce a 20-Character Guideline"]

[Text] The Second Plenary Session of the Eighth National People's Congress [NPC], scheduled for 10 March, is an important meeting designed to implement the "Decision on Several Issues Relating to the Establishment of a Socialist Market Economic Structure" (the "50 Articles"), which was adopted by the Third Plenary Session of the 14th CPC Central Committee and to nominate 1994 as a year of crucial importance to reform. It is also a large-scale policymaking meeting designed to keep the economic growth momentum stable, strive for resumption of China's status as a GATT signatory state, expand cross-strait relations to make innovative advances, and accelerate the construction of the Shanghai, Bohai Bay, and Three-Gorges Projects.

Why Did All Party Elder Statesmen Make Public Appearances?

The current session will place greater stress on the principle of "doing two types of work simultaneously, attaching equal importance to both," upholding social stability and the correct guidance of public opinion and, while taking economic construction as the center, maintaining the position of the CPC as a ruling party, ensuring the steady and orderly progress of political structural reform, and preventing the emergence of unnecessary social disturbances. Deng Xiaoping, Chen Yun, Peng Zhen, and other CPC elder statesmen made public appearances one after another before and after the Spring Festival. Let me keep comments on what effects their public appearances produced to one side for the time being. The public appearances were intended to clarify rumors about the leaders and stabilize the overall situation.

The New Stage of Rapid Growth

In recent years, while maintaining a peaceful environment with surrounding countries and the rest of the world, the CPC has done its utmost to maintain the mainland's stability, prevent errors and ups and downs in policymaking, and to gradually improve the operational mechanism of the market economy by deepening economic structural reform to ensure implementation of Deng Xiaoping's line on reform and development and to strive for a relatively long period of sustained and rapid development. It is believed that this policy decision will certainly be accepted by the deputies of the NPC and members of the CPPCC National Committee. Nevertheless, there are bound to be lively discussions on such issues as reform intensity, development priorities, interest readjustment, anticorruption, and clean government.

During the last 10 days of February, Premier Li Peng held a State Council plenary session to solicit opinions on the "Government Work Report." Wang Mengkui, deputy director of the State Council Research Office, took charge of drafting the report. It is believed that after broadly soliciting the opinions of leaders of various party, government, and army departments, democratic parties and organizations, and various provinces, municipalities, and autonomous regions, the report will undergo repeated revisions. The gist of the report is the 20-character principle guiding the work for 1994, which was decided by top CPC leaders through repeated discussions, the principle of: "Grasping opportunity, deepening reform, opening wider, promoting development, and stabilizing the overall situation [zhuazhu jiye, shenhua gaige, guode kaifang, cujin fazhan, wending dajia 2119 0145 2623 6657, 3234 0553 2395 7245, 2368 1129 7030 2397, 0191 6651 4099 1455, 4489 1353 1129 1444]. This principle will be unchangeable.

Three Tasks for This Year

It has been reported that the CPC authorities have made a plan for this year's economic development: The growth rate of the national economy will be 9 percent; the general level of retail price rises will be kept within 10 percent and the total amounts of currency issued and investment will be kept lower than last year's increased amounts; financial deficits will be minimized; and the previous quantitative type speed will be transformed into a combined speed and efficiency type and the planned economy based on quota management will be transformed into a market economic structure based on supply management.

Li Peng holds that the arrangements this year, though aggressive, allow room for maneuver. It is necessary to concentrate our attention on the overall development of the rural economy, efficient operation of state-owned large- and medium-sized enterprises, and the intensification and improvement of macroeconomic regulation and control. To make proper arrangements to implement all the major reformatory measures with the aim of establishing and perfecting the macroeconomic regulation and control system, focus should be placed on the reform of the financial and taxation system and of the banking system; it is necessary to actively, steadily, and appropriately carry out price reform; and it is necessary to establish a modern enterprise system that suits the needs of the developing socialist market economy.

All countries believe that China is bound to emerge as a first-rate world power in the next century so long as it can keep the momentum of wholesome development. The American scholar of Chinese descendant and Nobel Prize for Physics winner Chen-ning Young said: If China has the qualified personnel it needs, can maintain discipline, be determined, and has economic support, it will enjoy greater development. For China, the first three conditions mentioned above are available in this century. I am confident that all the four conditions will be available by the 21st century. For this reason I am

absolutely optimistic about China's prospects for development of science and technology in the 21st century.

Seeking a Balance Between Reform and Stability

The CPC higher leadership maintains that the most important task for the forthcoming NPC session is seeking a harmonious relationship between reform, development, and stability. While putting forward a major reform plan, it is necessary to properly solve the problem concerning relations between the central authorities, on the one hand, and localities and various departments, on the other; to avoid widening the gap in income between different localities and strata; to persist in the long-term effort to fight corruption and promote clean and honest government; to cope with local eventualities; and to conscientiously improve public security and social order. CPC General Secretary Jiang Zemin, CPC Central Committee Political Bureau Standing Committee members Li Peng and Zhu Rongji, and other policy-makers, have reiterated time and again: the workload will be very heavy this year, and there will be quite a lot of difficulties. One must be fully mentally prepared for this. It is necessary for us to work more cautiously and in a down-to-earth manner. We must solve, through reform, new problems arising in our way ahead. Reform is the means, development is our goal, and stability is the basis. We must make every effort to stabilize the market, make things convenient for people in their daily life, and satisfy people's daily needs. Once the supply of daily subsistence to the people is not ensured, the community will become unstable. At the moment, we are facing an excellent situation. But in the meantime, we have seen a lot of "sparks" too. For instance, evacuation of residents from one site to another and the migrant laborer tide, as well as other incidents, may very easily arouse chaos if we fail to pay enough attention to them on the outset.

Public Opinion Should Be Prepared To Be Favorable to Reform

The CPC held a national meeting on ideological and propaganda work in late January. This was not only the first meeting of this sort ever held over the past 15 years since the reform and opening up process was initiated, but also the most important national conference on ideology held since 1957. Jiang Zemin, Li Peng, Zhu Rongji, and Ding Guangen, who is a member of the CPC Political Bureau and the director of the CPC Central Committee Propaganda Department, all delivered important speeches at the meeting. All of them stressed that propaganda should mainly be dedicated to positive aspects, and should serve economic construction, and it is necessary to pay attention to the efforts to guide public opinion and safeguard a political situation characterized by stability and unity.

Deng Xiaoping repeatedly reminded his colleagues: "We certainly must attach great importance to work on the ideological front, this must be done conscientiously and in real earnest, and it brooks no slackness." "The work on the ideological front as a whole must be intensified." He

demanded that the party's leading organ devote most of the time and resources to ideological and political work, while taking charge of formulation and implementation of principles and policies and employment of important cadres. At present, as China is shifting from the planned economy to the market economy, cadres at different levels have somewhat slackened ideological and political work, and some problems regarding party style and general social mood badly need to be dealt with. Jiang Zemin pointed out: Many party members have failed to keep up with the new situation, meet the requirements of new tasks, and keep abreast of rapidly developing and changing objective reality. Some party members are wavering in their ideals and faith, and swerving from their former world outlook and value concepts, while indulging in money worship, creature comforts, and extreme egoism. Corrupt practices, such as seeking personal interests by abusing official power, graft, and bribery, have been spreading. Therefore, it is necessary to strengthen and improve education for party members. It is necessary to strengthen education with specific aims in mind, uphold the principle of integration of positive teaching and self-education, uphold the principle of education according to the needs of different types of folks and different strata, and uphold the principle of integration of intensifying education, tightening administration, and strictly enforcing party discipline. The CPC authorities demand that ideological and propaganda work does not create confusion nor cause trouble, but helps promote economic construction and other works by enlisting popular support. A million-strong force composed of theoreticians, journalists, publishers, writers, artists, and grass-roots propagandists will be formed to serve as the propeller for reform and opening up.

The rural economy in Shandong province has grown substantially in recent years. The key to the province's success is said to lie in intensification of socialist education in rural areas. This year the province is to start its fourth round of rural socialist education drive. The province has been praised by the CPC higher leadership for efforts in this aspect. This indicates that the CPC is striving very hard to retain the socialist system with a view to securing its ruling party status in the long run and preventing a Soviet-type political avalanche and political evolution. It cannot be denied that this attempt to stabilize the political situation has been quite effective, owing to the success in the economic structural reform and marvelous achievements in economic construction.

This year is the crucial year to determine the prospects for reform in China through the turn of the century. Deeply impressed by their past experience in reform, CPC leaders noted that whenever a major reform of a deep-rooted structure is to be launched, some members of the public will always anticipate another round of price hikes, thus starting another round of panic purchasing. In this connection, Zhu Rongji demanded that leading cadres at all levels concentrate their efforts on publicizing and explaining the major reform measures

that were to be introduced, properly prepare public opinion for reform, dismiss misgivings among the public, iron out conflicts and resolve problems, enlist the support of the broad masses of people for reform, and encourage them to play a part in reform.

Macroeconomic Regulation and Control Is a Gordian Knot

At present, for the CPC, the Gordian knot of the reform still lies in whether a macroeconomic regulation and control mechanism can be perfected. Deng Xiaoping pointed out: "To make the reform a success, we must carry it out in an organized and orderly manner. If we fail to do so, the reform will be plunged into chaos, and everybody will act his own way. This just cannot be tolerated." And, "to achieve macroeconomic regulation and control, the central authorities must do what they have said they would do." "If the CPC central leadership and the State Council have no authority, they will not be able to keep the situation under control." Now that we are introducing the tax division system and reforming the monetary investment structure, the existing interests distribution pattern will no doubt undergo a massive restructuring. In the latter half of last year, the macroeconomic regulation and control operation under Zhu Rongji's leadership curbed some symptoms of overheated economic growth and stopped the trend toward "bubble economy" stemming from the craze in real estate and development zone projects. Since the "pumping-the-brake" and "soft landing" strategies were adopted, drastic economic growth and slumps were avoided and tremendous losses were saved. However, this has not fundamentally changed the existing investment, banking, financial and taxation structures under macroeconomic regulation and control, and the country's capital investment scale remains colossal. It is reported that 15 international airports are going to be built in the Zhu Jiang Delta area alone. These are duplicate construction projects, and running so many projects at the same time is beyond the country's financial capacity.

Zhu Rongji said: This year, we still have to continue to intensify and improve macroeconomic regulation and control measures, and then we will develop a regulation and risk-control mechanism for investments in fixed assets. The CPC authorities have decided to assign the newly founded National Development Bank to exercise centralized control over the volume of credit extended to finance capital construction projects and key basic industrial projects. Those projects that have been suspended and put off as ordered last year must not be restarted without approval. This year, in principle, no more applications for starting new projects will be approved. On the other hand, all localities and departments are required to adopt practical and effective measures to tighten macroeconomic regulation and control of investment; they must concentrate their financial and material resources to ensure completion of key projects; they must prevent further expansion of construction scale—any organizations which have started projects without approval, and their people in charge as

well, will be held responsible for their acts; no financial institutions are allowed to divert inter-bank loans they have in hand to finance any fixed asset investment projects; it is necessary to strengthen regular administration over the capital market, and no financial institutions are allowed to expand the scale of bond distribution and the scope of joint-stock system pilot projects; investments in real estate construction projects and the financing of such projects must be put under the state plan regarding investment in fixed assets and related financing; it is also necessary to strengthen guidance and regular administration for direct investment projects run by foreign businessmen. It is necessary to adhere to the principle of seeking truth from facts and that of acting according to one's capacity, set store by efficiency and returns, and always bear in mind the country's overall interests.

Of course, it is necessary to make every effort and concentrate all resources available to accomplish those infrastructure projects that have a bearing on the overall interests and are to meet the urgent needs of economic development. It is the CPC higher leadership's belief that only in this way will China be able to seize the opportunity; will it be able to plan, run, and manage infrastructure projects well in a centralized manner, based on a rational distribution; and thus squeeze the greatest returns possible out of the socialist economy.

Judging from the present situation, the Pudong development of Shanghai, the economic zones situation on the rim of the Bohai Bay, and the 3-gorges project are eye-catching key projects and hot topics.

Under Deng Xiaoping's direct concern and encouragement, Shanghai municipal leadership has proposed speeding reforms and development, has taken the lead in constructing a socialist market economic operating mechanism, and is spearheading reform and opening up in an attempt to turn Shanghai into one of the centers of international economy, finance, and trade. Municipal leaders have also said that they would "train 100 high-ranking party and government leading cadres, 1,000 high-level management talents, and a large number of various experts."

The "Treasury Vault" Around Bohai Bay

The Bohai Bay Rim region includes the six provinces and cities of Beijing, Tianjin, Hebei, Shandong, Liaoning, and Shanxi, all of their economic achievements and growth rates ranking first in the country. The average GDP of this region is well over four times the national average; its average social output value is 4.5 times higher than the national average. Turnover of its major ports account for 38 percent of the national volume; steel output 37 percent; crude oil output 41 percent; and agricultural output 24 percent, while it has only 18 percent of the country's farmland. Experts around the world look at the Bohai Bay rim region as a "treasury vault" with the greatest value for future economic development. The total deposits of iron, petroleum, and

natural gas, and three of the 110 kinds of minerals discovered so far, respectively account for 44 percent, 37 percent, or 24 percent of the country's totals; while deposits of gold and diamonds amount respectively to 20 percent and 97 percent of the country's totals. Here there is a first-rate air, sea, and land transport network, and here is the golden zone connecting East and North Asia, not to mention the 4.2 million or so scientists and technologists, who make the region a place with the highest concentration of scientific and technological talents in the country. The Bohai Bay rim zone is estimated to become the "spearhead" for economic development in China's northern region.

The 3-gorges hydropower nexus project—reputed to be a first-class world engineering feat—is now in the early-phase work preparatory stage. Development, resettlement, investment, works, and management offices have moved onto the site, and the official inauguration of construction is not far away. Li Peng stressed that it is a world first-class project and must have first-class work quality and modern management.

Legislature No Longer a Rubber-stamp

As a range of significant reformist programs are going to be unveiled this year, corresponding legislative work has also picked up speed; especially reformist legislation revolving around the construction of a modern corporate system, finance, taxation, banking, foreign trade, and the planned investment system; and establishing a market circulation and social security system—all these will be submitted to the National People's Congress [NPC] and its standing committees for deliberation. This will correct the phenomenon where legislation work falls behind.

Why Was the Meeting Advanced

There have been reports that the bills the current NPC will deliberate on include "a state budget law," "protection for Taiwan businessmen's investment," and so on. A casual perusal will tell us that the Eighth NPC session had been advanced more than once from the date when it was usually convened in the past—it has been moved from the second to the first half of March. It is understood that the reason behind this was that the NPC session last year did not end until the middle and second half of April, and almost six months had passed before delegates returned to their provinces, cities, and counties. From this we know that the state plan and financial revenue and expenditure budget had been conveyed to all levels when it was being tabled at the NPC. The deliberation and adoption of the budget at the session therefore did give one the feeling of a "rubber stamp." Many NPC delegates shared such a view. And strengthening NPC legislative functions is one of the major agendas in Deng Xiaoping's political reforms. Slowly advancing the NPC session convening date to such a time, when effective supervision can be pursued over the annual economic plan proposed by the State Council—

this is aimed at establishing the authority of the country's highest legislature. There have been reports that in the future the convocation of the NPC session may be advanced to as early as early in the year.

Deng Cautions 'Against Exaggerating His Contributions'

HK0303152994 Hong Kong CHING PAO in Chinese No 3, 5 Mar 94 p 52

[By Cheng Teh-Lin (6774 1795 2651): "Deng Xiaoping Hopes That Retired Cadres Will Not Try to Earn Extra Income"]

[Text]

Deng Cautions Others Against Exaggerating His Contributions

According to a source, when meeting with party, government, and military leaders during his stay in Shanghai from last December to this February, Deng Xiaoping again and again urged them not to blow out of proportion his part in promoting China's reform, opening up, and economic development.

Deng said that it was mainly the leadership exercised and the part played by the collective comprising the party Central Committee, the Standing Committee, and the Political Bureau that made possible the rapid economic growth of the last two years (1992 and 1993).

My opinions, including my office's opinions, are for reference of the central authorities and the departments concerned only, he said, adding that while those opinions which are correct, reasonable, and positive could be seen as good suggestions, those which are not on the right track, do not fit in with China's actual conditions, and are unpracticable, should be shelved, and those which are incorrect should be criticized. He told them not to treat his opinions as directives. Only the resolutions adopted by the central authorities can be regarded as directives, he said.

"I am a member of the party, so I must unconditionally submit myself to the party central committee in words and deeds," he stated.

Deng Hopes Veteran Cadres Will Continue to Display Party Spirit

Deng continued: "I consider it important for a party member, especially leading party and government leaders, to display party spirit and observe party discipline. If local party and government leaders are not pure in party spirit and not strict in discipline, they can achieve nothing even if the line and policies are correct. This is a common occurrence, so it is necessary to guard against it.

When meeting with a number of veteran cadres in Shanghai in early February, Deng said: "We have gone into retirement now, but we must not indulge in seeking

ease and comfort. We should do something solid for the party including propagating its policies. We must not go too far in our words and deeds and must see to it that our family members and relatives behave well, because this is what the party expects of its members. We must not earn extra money by obtaining nominal positions or titles everywhere and attending ceremonies. The present party leadership holds us in high esteem simply because we have made contributions in the past. We must treasure our past and all the more respect and support the incumbent leadership. I hope you will set strict demands on yourselves, conduct yourselves with dignity, and continue displaying party spirit.

Macrocontrol Is Not an Expedient Measure

When speaking about central macrocontrol in Shanghai, Deng said: "Strengthening central macrocontrol is a long-term policy adopted by the central authorities. It is not a personal decision, nor an expedient measure. Some local cadres thought themselves clever in claiming that it is an expedient policy. This shows they are not pure in party spirit and lack a sense of organization and discipline. In this way they tend to make big mistakes. The central authorities should criticize such cadres. They should dismiss and punish those cadres who incur losses producing great undesirable impact, because such cadres must not sit on the leading body any more. If they violate the law, they must be punished according to law. Otherwise, the central policies and decisions will not be implemented in full and the authority of the central authorities will suffer.

Li Lanqing Urges Study of Deng Thought on Education

OW0403032494 Beijing XINHUA Domestic Service in Chinese 1004 GMT 1 Mar 94

[By reporter Yin Hongzhu (1438 7703 4376)]

[Text] Beijing, 1 Mar (XINHUA)—At a symposium on Deng Xiaoping Thought on Education [deng xiao ping jiao yu si xiang 6772 1420 1627 2403 5148 1835 1927] today, Li Lanqing, member of the Political Bureau of the CPC Central Committee and Vice-Premier, pointed out: To study, publicize, and put into practice Deng Xiaoping thought on education are important tasks for China's educational and theoretical communities; they are also the basic requirements for party and government leaders at all levels in upgrading their leadership ability over the modernization drive.

The symposium, which was sponsored by the Research Center of Educational Development [RCED] of the State Education Commission, is aimed at studying and understanding Comrade Deng Xiaoping thought on education [deng xiao ping tong zhi de jiao yu si xiang 6772 1420 1627 0681 1807 4104 2403 5148 1835 1927], and discussing how to implement the "Outlines of Educational Reform and Development in China".

In his speech Li Lanqing said: Education makes up a very important part of the treasure-house and overall strategy of Deng Xiaoping's theory [deng xiao ping li lun bao ku 6772 1420 1627 3810 6158 1405 1655]. In probing ways—and finding an answer on how to—solidify, develop, and build socialism, Comrade Deng Xiaoping has always treated education as one of the strategic issues which is of vital importance to the overall situation of China's socialist construction and the historical fate of socialism. He personally took charge of educational work, published a series of brilliant writings and statements, and formed well-developed educational theories with Chinese characteristics and the features of the times, which developed into a scientific theoretical basis and powerful ideological weapon for guiding China's educational reform and development.

Li Lanqing said: To lay a solid foundation for the modernization drive, we must make the study of Deng Xiaoping thought on education [deng xiao ping jiao yu si xiang] the component part of the study and implementation of the theory on building socialism with Chinese characteristics. Leadership at all levels should take the lead and inspire popular enthusiasm for such a study so that education will truly be carried out as a strategic priority of socialist modernization; will serve socialist construction better; and education and socialist construction will—as Comrade Deng Xiaoping said—complement one another and advance in harmony.

Li Lanqing pointed out: In studying Deng Xiaoping thought on education [deng xiao ping jiao yu si xiang], we should, first of all, study his far-sighted strategic perspective encompassing the overall situation and his approach of stressing, reforming, and developing education from the high plane of socialist construction. On these fundamental issues in particular—on which the destiny of the state and nations hinges—Comrade Deng Xiaoping established education as a strategic priority in socialist modernization. He held that we should exercise patience on other aspects, or even sacrifice some speed, in order to make a success of educational work. His theses represent not only a major breakthrough in educational theory but also in the theory of socialist construction.

Li Lanqing pointed out: Comrade Deng Xiaoping's approach to China's educational problems is one that tackles, from the high plane of ideology, theory, and strategy, the issues in terms of direction, course, and general policy; and, at the same time, lays special emphasis on increasing input into education, improving the material benefits and political treatment of intellectuals, and helping solve practical problems like housing shortages faced by teachers. He also proposed that he himself be assigned the job of providing logistics support for the development of education, science and technology, a fact that testifies to his determination as a party leader to solve the numerous practical problems facing education. Comrade Deng Xiaoping has set a glorious example for us. He has taught us by his own actions how to exercise leadership over education and

how to make China's education a success. Li Lanqing stressed: We are running the world's largest education enterprise in a poor, economically undeveloped country. We are faced with numerous practical problems. Only by solving these problems one by one in a down-to-earth manner and with perseverance will we be able to ensure quick, sound development of our educational undertakings.

Lei Jieqiong and Wang Guangying, vice chairmen of the Standing Committee of the National People's Congress, and leaders of relevant departments including Zhu Kaixuan, Pang Xianzhi, Liu Ji, Li Qi, and Hu Zhaoguang attended the symposium held in the Great Hall of the People. Officials from the Central Party Literature Research Center, the RCED, the Academy of Social Sciences, and Central Party School; scholars and experts from the educational community; and officials from Dalian's Huada Corporation conducted academic exchanges at the symposium.

Suggestions by Noncommunist Parties 'Well Received'

OW0203210294 Beijing XINHUA in English 1452
GMT 2 Mar 94

[Text] Beijing, March 2 (XINHUA)—Proposals put forward by members of the Chinese People's Political Consultative Conference (CPPCC), non-communist parties and other relevant people's organizations across the country have been well received.

Information from relevant departments reveals that by February 15 of this year, 1,881 out of the 1,900 items put forward by CPPCC members and members of non-communist parties since the First Session of the Eighth National Committee of the CPPCC have been answered through concerted work of 157 organizations, including the Chinese Communist Party central community [as received] and the State Council.

This accounts for 99 percent of the total number of matters put forward.

Many of the proposals, which concentrated on the reform, opening-up and modernization drive, on the establishment of a socialist market economy, on strengthening the ideological and cultural build-up, as well as the construction of a clean government and the improvement of the Communist Party's working style have been accepted by relevant departments.

For instance, many CPPCC members submitted ideas and proposals for a fair, rational tax rating and taxation system, in a bid to concentrate the central government's power of taxation and strengthen its management.

On the basis of this proposal, the Central Committee of the Chinese Communist Party and the State Council decided to implement a new financial system of tax assignment starting this year.

Practice proves that over the past year, CPPCC members, non-Communist Party members, and relevant people's organizations have been playing an increasingly greater role in carrying out the spirit of the 14th National Congress of the CPC, deepening reform, promoting economic and social development, and for solidifying unity and stability, by way of putting forward proposals to perform their function of political consulting and democratic supervision.

Non-Communists Involved in Clean Government Campaign

OW0403083394 Beijing XINHUA in English 0642
GMT 4 Mar 94

[Text] Beijing, March 4 (XINHUA)—More non-communists and members of non-communist parties have been invited to be special supervisors to oversee the work of the Beijing Municipal Government and Communist Party Committee in a bid to build a clean government.

The 14 newly-selected special supervisors, who come from all walks of life, received their letters of appointment at a meeting on special supervision work here yesterday afternoon and will start their duties soon.

This was the third group of the kind since the special supervision system was established by the municipal government four years ago.

These supervisors will take part directly in the city's clean government construction drive, in investigating serious cases and in studying of issues of city administration and major policy-making, in line with the relevant stipulations framed by the municipal government.

Previously there were more than 130 non-communists engaged in the special supervision work at all government levels in the city.

At the meeting Mayor Li Qiyang lauded the great achievements and contributions the supervisors have made to the city's clean government drive and anti-corruption campaign over the past few years.

He also urged the municipal party committee, the government and people's congress, as well as people of all walks of life, to give firm support to the supervisors' work.

State Councilor Chen Xitong and other senior leaders from the municipal government and party committee also attended the meeting.

Poverty Conference Held, 15 Ministries Pledge Support

OW0203100894 Beijing XINHUA in English 0941
GMT 2 Mar 94

[Text] Beijing, March 2 (XINHUA)—Leading officials from 15 key ministries pledged to do their part in

implementing the central government's plan to wipe out abject poverty by the year 2000.

The ministries, including major economic decision-makers, told the National Conference on Poverty Reduction that they will continue to support economic and social development in poor areas, making water, electricity, education, roads and telecommunications services available to China's 80 million poverty-stricken citizens.

Chen Yaobang, vice-minister of the State Planning Commission (SPC), said that SPC will continue to give priority to the poor areas in industrial and agricultural planning, investment allocation and material distribution.

Most of the 80 million poor live in remote mountainous regions, plateau areas and remote deserts, making it an arduous task to produce enough food, have adequate drinking water and access to electricity, and provide education and health services.

Despite the difficulties, the minister said he is optimistic about the completion of the poverty reduction plan.

The experience China has gained from past poverty reduction efforts, the growing awareness of the whole society and expanding international cooperation, will help fulfill the task.

Vice-minister of Finance Li Yanling promised to increase investment to the best of the ministry's ability.

According to Vice-Minister of Power Industry Lu Yancha, 120 million people had no access to electric power by 1992.

Under a plan drawn up by the ministry, the majority of all the towns and villages will have access to electric power, making it available to 95 percent of rural families.

Vice-Minister of Communications Li Juchang said that inaccessibility is one of the major causes for the backwardness in poverty-stricken areas.

The huge potential for economic development in China's vast poor areas, which are rich in land, mineral, forest, labor and tourism resources, cannot be tapped without convenient communications, the minister said.

Vice-Minister of Water Resources Zhou Wenzhi promised that water conservancy departments will step up the construction of water supply projects in rural areas and work hard to complete the task set by the central government to solve the drinking water shortage for the majority of the poor and their domestic animals.

Officials from other ministries, such as the Ministry of Telecommunications, the Ministry of Radio, Film and Television, the State Education Commission and the Ministry of Labor, also announced their plans to help the poor areas.

Population's Natural Growth Rate Reaches Record Low in 1993

OW0203210094 Beijing XINHUA in English 1440
GMT 2 Mar 94

[Text] Beijing, March 2 (XINHUA)—China's 1993 population natural growth rate turned out to be a record low of 11.45 per thousand, officials sources said today.

The record low rate was achieved between a 18.09 per thousand birth rate and a 6.64 per thousand death rate in the same year. The sources said the death rate is also at one of the lowest level since 1949.

By the end of 1993, China had a population of 1.18517 billion, which was 13.46 million more than in 1992, the sources said.

The sources attributed the drop in the death rate to the rise in people's living standards and quality, and the improvement of health care for women, children and the aged.

In 1993, the average income of urban residents went up 10.2 percent over 1992, and that of rural residents by 3.2 percent. The number of hospital beds rose by 1.9 percent and medical professionals by 1.1 percent in the same period, the sources added.

State Council Approves Beijing Development Blueprint

OW0203093494 Beijing XINHUA in English 0756
GMT 2 Mar 94

[Text] Beijing, March 2 (XINHUA)—Approval of the latest Beijing development blueprint by the Chinese State Council has unveiled a vision of a new modern world metropolis at the end of the century.

The State Council stressed the importance of Beijing as the capital of the People's Republic of China and the country's political and cultural center.

The blueprint, published together with the approval by the municipal government last month, maps out the course of the building of the city into a cultural and economic center with first-class public utilities, infrastructure facilities and living environment.

It also calls for important government buildings and cultural institutions to be located in downtown areas, such as along the north-south axis of the city, Chang'an Boulevard and the second ring road.

Buildings relegated to this class include the economic and trade office of the State Council, the Ministries of Foreign Affairs, Communications and Culture, the National Grand Theater and National Women's Center.

According to the city's layout for 1991-2010, the future urban construction will place emphasis on the characteristics of the capital, and on the adjustment of the industrial structures and the use of land.

Start-ups of new heavy industrial plants, especially big power-consumers and those that may cause serious water and air pollution, will no longer be allowed in urban districts. Meanwhile, the existing ones would not be expanded.

The total population of permanent residents in the city will be brought under stricter control, to a limit of 12.5 million by the year 2010.

Air, water, garbage and noise pollution will be reduced drastically in the coming 20 years, with the aim of making Beijing a pollution-free city by the year 2010.

The document stipulates that all environmental quality indices will reach the government's standard in that period.

The city will cut its use of coal greatly in the coming two decades by piping natural gas in from Shaanxi and Gansu Provinces and the Ningxia Hui Autonomous Region in northwest China.

In addition, several hydroelectric power stations will be built to supply heat to most of the urban residents who still use coal for heating.

The emission of exhaust gas will be put under control to further reduce air pollution.

People in Beijing will also be drinking cleaner water, as major reservoirs and underground water sources will be better protected. The city also plans to build 16 new sewage-treatment plants in the next 20 years.

Meanwhile, more trees will be planted, and ecological zones, shelterbelts and parks will be built in the urban areas. By 2010 the total green land will climb to 6,400 ha [hectares] from 3,00 ha at present. The forest coverage will rise to 40 percent.

Officials say that Beijing has achieved major progress in environmental protection over the past few years. So far, some 25 percent of urban sewage is treated before it is discharged into rivers, and the forest coverage rate in the urban areas has reached 30.7 percent.

The document also urges a quickening of the pace of the urban infrastructure modernization drive. The focus will be on the expansion of the city's transportation, including subways, light rail traffic and expressways.

As a city with a long history and serving as the capital of several dynasties, the future construction will also be integrated with the brilliant culture of the nation. Beijing's cultural relics and scenic spots will be better protected, according to the blueprint.

Cities Loosen Rules on Residency To Attract Investment

HK0403075294 Beijing CHINA DAILY in English 3 Mar 94 p 3

[By Ma Chenguang: "Cities Set Looser Rules on Residency"]

[Text] Several cities and provinces have adopted policies that relax control over where people can live and work.

By giving cards to non-residents, these areas hope to attract more investors and workers.

Shanghai has issued a Blue Seal Card to investors and a Labour Permit Card to rural residents. A county in Beijing has also issued the Blue Seal Card.

A Blue Seal Card carrier enjoys the same benefits that a permanent resident, or a Red Seal Card holder, receives in housing and education.

Meanwhile, Shandong Province has allowed some farmers to change their census title from "peasant" to urban dweller, aiming to attract more farmers to work in factories and businesses in small cities.

The change gives them all the entitlements of a city resident.

Many towns in provinces such as Shaanxi in North China, have also introduced similar measures.

The policies are aimed at reforming the country's old census system, rigidly enforced since the 1950s, that divides people into "farmers" and "urbanites" to strictly control the population flow into cities.

Farmers who are not city residents are not eligible for subsidized housing and school fees.

But China's fast economic growth in the past decade has lured many farmers into cities to seek more money.

And when cities began eliminating grain coupons last years farmers began flocking to urban centres.

Incomplete statistics show that more than 50 million rural workers seek jobs in cities or towns each year, a sign many think is conducive to China's booming economy.

Shanghai has 2.5 million migrant workers that account for a seventh of its population.

This population pressure has pushed city governments to reform their census systems.

Shanghai and Beijing's Pinggu County took the lead by introducing Blue Seal Cards to foreign and domestic investors.

Shanghai's Blue Seal Card system started on February 1.

Those qualified for the card include:

- foreigners who operate enterprises for two or more years with an investment of more than \$200,000;
- foreigners who buy commercial apartments larger than 100 square metres;
- domestic investors who pump at least 1 million yuan (\$115,000) into the city over a two-year span;
- technical workers from the inland who have worked in the city for more than three years.

Blue Seal Card holders can eventually apply to be a permanent resident, giving them the additional right to vote in city elections.

In Beijing, eastern Pinggu County has the same policies, although investment requirements are lower.

The card is given to foreign investors who inject \$150,000, residents from Hong Kong, Macao and Taiwan who invest 200,000 yuan (\$22,988) and domestic investors who pour in 100,000 yuan (\$11,494).

In another development, an official from the Public Security Ministry said over the weekend that several ministries under the State Council are drafting a plan to reform the country's census.

The plan is expected to be released during the first half of the year.

The official declined to give further details.

Many analysts say the census changes will encourage farmers seeking more money to settle in small cities and townships rather than big cities. Mainly because of the closer proximity townships are to their hometowns.

Newspapers To Be Accessible by Computer

HK0203092294 Beijing CHINA DAILY in English 2 Mar 94 p 3

["CHINA DAILY Newspapers Start Global Desktop Delivery Service"]

[Text] The China Daily Group of Newspapers yesterday took another major step in going electronic for global desktop delivery.

Authoritative business-oriented news in English published in the China Daily, the Business Weekly, Tender Announcements in English, and the Shanghai Star will be conveniently accessible on the same day of publication from the reader's computer, whether in the office, at home, or on the road.

This state-of-the-art technology in print media delivery is made available in co-operation with IBNet, a globally accessible telecomputing service dedicated to facilitating international trade, investment and strategic co-operation.

The China Daily Group has been quick to adopt new electronic technology in the print media.

Since June 1, 1992, subscribers to DataTimes, a database network corporation based in Oklahoma City, the United States, have been able to access China Daily staff-written stories, features, commentaries and CD News items.

On August 15 last year, the China Daily Group of Newspapers signed an agreement with Reuters Limited. Under the deal, subscribers of Reuters Historic Text Products division and Reuters third party distributors receive political, economic, finance and business reports published by the China Daily newspaper group.

Subscribers to this service will be able to retrieve news stories from the China Daily Group up to a period of 12 months, thus eliminating the need to maintain one's own reference library.

RENMIN RIBAO Commentary on Helping Former Prisoners

HK0403041694 Beijing RENMIN RIBAO in Chinese 3 Mar 94 p 3

["Short commentary": "An Important Task for Maintaining Social Stability"]

[Text] Reforming criminals and educating law-breaking youth through labor is a consistent policy of the party and the state. Making proper arrangements for people who have been released after serving prison sentences or who have been relieved of reform-through-labor terms and giving them help and education, so that they can truly be reformed, is the continuation of the effect of this policy. The practice in many areas proves that wherever this task is given adequate attention, the effect is always good and crime can be reduced; in areas where such people do not receive proper arrangements and help and education, there is a high recidivism rate and some of them go on to commit bigger crimes, seriously jeopardizing social wellbeing. In the new context of the establishment of a socialist market economic system, this task involves many new conditions and new problems. It is necessary to carry on with the good methods that have proved effective on the one hand, and to keep improving work methods on the other. Six central departments, including the Central Committee for Comprehensive Management of Social Security, put forward working recommendations [gong zuo yi jian 1562 0155 1942 6015] for solving this problem after investigation and research. This is of great significance to maintaining social stability.

Helping those who have been released after serving prison sentences or who have been relieved of reform-through-labor terms to find means of livelihood is a key link in preventing recidivism. It is necessary to support and assist them in seeking jobs on their own; and to encourage enterprises and various kinds of economic entities to accept and give employment to such people. Meanwhile, appeals have been made for all circles in society to show concern for and take part in providing

placement, help, and education, so that such people can find means of livelihood and employment.

Those who have been released after serving prison sentences or who have been relieved of reform-through-labor terms enjoy, by law, citizens' rights and should perform their obligations as citizens. In job placement, housing distribution, and provision of social relief, they should be treated in the same way as anyone else without being discriminated against. Meanwhile, we should also recognize that a considerable proportion of them do have much difficulty in finding employment and should be given some special care. They still have some mental obstacles to overcome, so education for them should be strengthened. In this sense, those who have been released after serving prison sentences or who have been relieved of reform-through-labor terms are a special social group. To give them more assistance and education and help them narrow and eliminate the gap they feel in a social and psychological sense after they return to society as quickly as possible is the common responsibility of the whole society. Naturally, however, while stepping up our efforts to make arrangements for them, we should selectively strengthen help and education for those who have more deep-rooted negative traits or who have not been so well reformed and show a tendency toward recidivism; and sternly punish those who break the law and commit crime again.

To make a good job of the placement, assistance, and education for those who have been released after serving prison sentences or who have been relieved of reform-through-labor terms requires close attention and support from the party and government leaders at various levels, the cooperation of relevant departments, and concerted efforts from all circles in society, so that joint and comprehensive management can be achieved. We believe that with the joint endeavors of the whole society and timely implementation of various work measures, more of those who have been released after serving prison sentences or who have been relieved of reform-through-labor terms will embark on the road of rebirth, the incidence of recidivism will drop, and society will be more stable, peaceful, and harmonious.

State To Aid 'Resettlement' of Convicts

HK0403074894 Beijing CHINA DAILY in English 3 Mar 94 p 1

[By Ma Chenguang: "Convicts To Get More State Aid After Prison"]

[Text] Local governments and Party committees are being encouraged to step up efforts to bring released inmates into the mainstream of society rather than turning back to a criminal life.

Ex-inmates will be treated with more flexible policies to steer them toward a new life, a circular published this week said.

The circular urged local governments and Party committees to help re-settle and educate these ex-inmates.

Presently, about 300,000 inmates every year finish their sentences, posing a societal dilemma: How should they be resettled to prevent them from committing new crimes? The matter is even more important because of the new socialist market economy China is striving to establish. The principle measures in the circular include providing technical skill training and ideological education for inmates while serving their terms; then help them find a job or start their own business, after being released from prison.

They will enjoy the same rights as non-convicts to open up businesses or engage in other economic affairs.

They should not be discriminated against in getting jobs, furthering education, buying houses and land or receiving social subsidies.

However, the circular also stressed re-educating them to keep them from becoming career criminals.

Through China's reform-through-labour camps, the rate of repeat criminals has always been low, lingering between 6-8 per cent.

Two similar circulars were published in the 1950s and 1980s, but the new sheet includes measures in light of the new socialist market economy.

Incomplete statistics from the Justice Ministry showed rural people accounted for 56.9 per cent of all criminals, urban workers 18.6, and vagrants 12.2.

Convicts have had particularly tough times getting jobs once they are released from prison despite government efforts.

The resettlement and re-education measure, signed by the Commission for the Comprehensive Management of Public Security (CCMPS) with five other ministries, was viewed as an important step toward improving public security.

The circular covers those ex-convicts who left prisons in the past three years and still have not found jobs.

Commentator on Emulating New National Model Worker

HK0303153194 Beijing RENMIN RIBAO in Chinese 3 Mar 94 p 1

["Commentator's article:" "Speed Up Fostering of New People"]

[Text] Over more than 20 years, Bao Qifan, an ordinary longshoreman who had just received junior secondary education, worked diligently, exerted himself to make progress, silently made contributions, and became an outstanding state-level young expert having rendered outstanding meritorious service, a national labor model, and a progressive party member in Shanghai. From his

deeds, people may feel the soaring aspiration of a son of the Chinese people who is determined to serve his nation and the brilliant dedicated spirit of a Communist Party member.

At the ordinary work post of loading and unloading ships, Bao Qifan loved his job and became an expert in this trade. He successfully added modern additions to this time-honored trade. While making contributions to the development of modern science and technology, he also successfully developed himself and realized the sublimation of his life value. The practice of making painstaking efforts in difficult conditions to do a pioneering job fostered his profound love toward his great motherland and his fellow workers, aroused his soaring aspirations for reinvigorating China, and strengthened his consciousness of giving play to the vanguard exemplary role of a Communist Party member. He not only faithfully performed his duties at his work post but also strove to make selfless contributions. He maintained and carried forward Lei Feng's spirit.

The great era of reform and opening creates an extremely good opportunity for the regeneration and reinvigoration of their nation, and also for Chinese people to display their talent and ability in serving their motherland. The times call for the appearance of a new generation of people with a lofty ideal, moral integrity, good education, and a sense of discipline, who will cherish, grasp, and properly use this opportunity, who will master Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and who will make new achievements in conscientiously practicing the party's basic line and building material and spiritual civilization. Bao Qifan is precisely an outstanding representative of such a new generation of people. He represents the spirit of patriotism, collectivism, and socialism, and he conscientiously resists money fetishism, hedonism, and extreme egoism. His noble character should be introduced to and emulated by the whole nation.

To emulate Bao Qifan, we should learn from his lofty ideal and firm belief in communism. Comrade Deng Xiaoping said: "In the past, we continued to work and struggle in extremely difficult conditions a number of decades, and we relied on the firm belief of uniting the people and encouraging them to fight for their own interests. Without such belief, we shall have no rallying force and shall have nothing." Making the people better off and the country strong and realizing communism is the objective and historical mission of the CPC, and is also the mental pillar for the Chinese people to exert themselves to overcome difficulties and strive for a better life. Bao Qifan could stand the test of the difficulties in acquiring knowledge and could resist the enticement of material lust. He firmly adhered to a correct course in his life, because he never gave up the lofty ideal and belief, and gained mental strength from such ideals and beliefs, thus advancing in the forefront of the reform tide and marching into the palace of modern science and technology step by step and making great contributions to the nation and the people.

To emulate Bao Qifan, we should learn from his master spirit of setting great score by the state and collective interests. Bao Qifan could make unusual contributions at his work post, maintain a worker's determination when facing good offers, and use the grab buckets he invented to recover wealth of several million yuan for the Shanghai Harbor but not to reap even one cent for himself, precisely because he has the strong sense of responsibility. This is a powerful counter to the behavior of seeking private gain at the expense of public and state interests appearing in society.

To emulate Bao Qifan, we should learn from his pioneering spirit of making progress, seeking knowledge, and participating in reform. To realize socialist modernization in our country, we must not let the extremely good opportunity slip, and should study hard and work in a down-to-earth manner. We should make unceasing efforts to make progress. Young people and intellectuals with lofty aspirations should model themselves on Bao Qifan, and strive to acquire real knowledge and abilities and to render meritorious service. They should take this as a mission given by the times.

To emulate Bao Qifan, we should learn from his selfless spirit. Making selfless contribution is the character of Communist Party members, and is also an admirable value in any society. Advocating and carrying forward such a dedicated spirit is our party's responsibility and also its advantage. Bao Qifan faithfully honored the pledge he made when joining the party and cherished the morality of a party member. He did not claim credit for himself, always cared about the masses, and safeguarded the image of a Communist Party member. All Communist Party members should behave like him and conscientiously take the dedicated spirit as the orientation of social values. Thus, in the conditions of a market economy, there will not only be attractive competition but also the warmth of making selfless contributions in our society; the economy will become vigorous and interpersonal relations will become warm.

Bao Qifan is a model appearing in the period of reform and opening. We should emulate and give publicity to his deeds and spirit, and should, like him, make our youth relish the course of creation and make our lives sublime in the course of dedication!

Aviation Body To Stress Safety, Control Growth
OW0303182794 Beijing XINHUA in English 1550
GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—A senior official of the Civil Aviation Administration of China (CAAC) said here today that the CAAC is to put flight safety first to ensure a healthy, steady and continued development.

Applications to open new air companies will be scrutinized strictly, according to sources with the CAAC.

Import of new planes will be strictly controlled, according to the official, who added that investment will shifted to training and ground facilities.

Sources quoted the unidentified official as saying at a working conference here that in the past few years business volume of the CAAC kept growing at 30 percent annually, a rare phenomenon in the development of international air companies.

"It is not the will alone that decides what the development speed should be. Flight safety will certainly be endangered if we keep seeking quick results and work against the realizable possibilities," the official was quoted as saying.

Previously there were six sub-administrative bureaus under the CAAC and ten flight fleets, which have by now been expanded into 33 air companies and 45 flight fleets, with 754 planes of all kinds.

In 1986, total passenger seats in CAAC topped 15,400, with 288 domestic and international air routes and business amounting to 1.5 billion ton-kilometers, while in 1993 the seats increased to over 50,000, with 610 home and international air routes and business totalling 5.1 billion ton-kilometers.

Bishop Attacks Cadres 'Biased' on Religion
HK0403073894 Hong Kong SOUTH CHINA
MORNING POST in English 4 Mar 94 p 8

[By Chan Wai-Fong]

[Text] A Chinese Christian leader urged the Government to protect unregistered church activities and strongly criticised biased cadres who abused religious rights of the Chinese people.

In a speech given at a Spring Festival gathering in Beijing in January, Bishop Ding Guangxun, President of the China Christian Council (CCC), said that there were cadres who were biased towards religion and used administrative methods to control and attack law-abiding churchgoers.

"The situation is serious," he said in a speech revealed yesterday by Amity Foundation, a Hong Kong based Christian group. China regulates church activities through the Chinese Three-Self Patriotic Movement and the CCC.

In addition to the estimated seven million Protestant Christians recognised by the Government, a greater number fall outside the official record, and with whom the CCC have no contact. Bishop Ding called for their protection saying that they were patriotic and upheld socialism.

Bishop Ding said unity and communication between the Christians recognised by the Government and those not

recognised had been hampered by cadres who considered the latter law-breakers. He added that cadres had attacked and destroyed many meeting points, forcing them to go underground.

In certain places, the bishop said, churches were increasingly run by cadres instead of church members. "They do not understand religion, they do not appreciate believers' thinking and feelings," he said. "To a greater or lesser extent, they despise religion, and they also have a duty to propagate atheism," he said.

"What they are doing is making religion fit their own interests," he said.

Social Scientists To Revise Research Agenda

HK0403075094 Beijing CHINA DAILY in English 3 Mar 94 p 4

[Article by Gao Anming from the "Opinion" page: "Think Tank Heads Decide To Get Real"]

[Text] China's largest social sciences think tank will revise its research agenda to cater to the changing requirements of the country's socialist market economy.

During its annual conference which ended last Friday, the Chinese Academy of Social Sciences (CASS) decided to cut unnecessary research, so as to concentrate on key studies that "comply with the times."

CASS president Hu Sheng said that priority projects could only be given the attention they deserved by scrapping some of the other subjects. And if the cuts weren't made the academy would find it impossible to break new ground and would lose its lead in existing studies.

But the readjustment was not a passive move merely caused by a lack of funds said CASS vice-president Ru Xin. The move was more of a bid to adapt the academy to the changing demands of a market economy he said.

The government allocated more than 90 million yuan (\$10.3 million) to the 5 000-member academy last year.

And the academy listed more than 700 key research subjects in 1993 while the 30 or so institutes under CASS listed another 700 said academy research chief He Bing-meng.

But with only 1,600 senior research fellows on the staff, the academy was overstretched. The fellows were being overworked, often having to head several research groups at once.

And when new social and economic problems arose requiring in-depth study, the academy was finding it difficult to squeeze them onto its research agenda.

Such an over-extended programme inevitably affected the quality of academy studies, He said.

To ensure that the academy's research keeps up with the times, projects that are outmoded or are relatively difficult to complete will be dropped.

In addition, the academy will require regular update reports from its long-term theoretical programmes.

And the humanities will have to look at reality, he said.

For example, the philosophy of history will this year be replaced by the study of socialist morality and ethics. The academy also hopes that the institute will strengthen its human rights studies.

The Institute of Literature will initiate a programme on contemporary humanism, while the Institute of Modern History is embarking on a history of modern Chinese civilization in the hope of cultivating patriotism, he said.

Forecast

The director said the academy has decided to select 60 to 70 key subjects this year. These include annual analyses of economic, social and international affairs, the impact of foreign-funded businesses upon China, and Asia-Pacific regional economic and political trends.

CASS has also established a Research Centre on Socialism with Chinese Characteristics headed by Wang Renzhi, former director of the Party's Central Propaganda Department and now vice-president of the academy.

In addition, the academy is experimenting with a bidding system that will tender out some of the larger research projects.

Successful bidders will be granted a modicum of financial autonomy: they will take responsibility for keeping within budget and in return will receive bonuses if their research is conducted well.

The research on modern Chinese humanism is likely to be tendered out, he said.

And CASS will widen academic co-operation with its foreign counterparts, according to the director. At the moment Sino-foreign joint projects are relatively few and far between.

Last year, CASS published a record-breaking 464 books. It also published 3,532 academic papers, 532 research reports, 157 translations of foreign publications and 144 dictionaries.

Two studies in particular won great acclaim from Chinese leaders and fellow scholars. They were "The Macro Guidelines, Principles and Framework of the Socialist Market Economy," edited by former CASS vice president Liu Guoguang, and "Theoretical Research and Suggestions on Establishing a Legal System for the Socialist Market Economy," written by the Institute of Law.

Two other projects also were highly commended: The research on contemporary capitalism, which was assigned to the academy by Party General Secretary Jiang Zemin and conducted by the Institute of International Economics and Politics; and the Institute of Economics study of the history of Chinese capitalism.

Invention

The Institute of Rural Development examined the developing non-agricultural sector in the countryside—the share-based co-operative businesses, which many agricultural experts consider the third wave of Chinese rural development.

The Institute of Philosophy completed a project on human rights last year.

Also, researchers from the Institute of Quantitative and Technical Economics, headed by Liu Guoguang, last year wrapped up an economic development strategy for the Shenzhen Special Economic Zone (SEZ). This report, conducted at the request of the Shenzhen government, outlines the future of the other four SEZs in China.

Security Ministry To Inspect Computer Networks

HK0403081494 Beijing CHINA DAILY in English 4
Mar 94 p 3

[By staff reporter Gao Jinan: "Ministry To Inspect Computers"]

[Text] The Ministry of Public Security will soon inspect computer information networks, a ministry official said yesterday in Beijing.

A regulation that went into effect on Wednesday tightened the regulation of computer systems.

It was the country's first regulation pertaining to computer security.

Incomplete statistics show that over 500,000 computer information networkers have been installed nationwide in businesses, schools and research institutions. And the number is growing rapidly.

But network security is lax and problems abound.

Computer crimes have been reported and such cases are increasing, said Lu Xiaobin, an official with the Computer Management and Supervision Department.

He refused to give details, but said one case involved 14 million yuan (\$1.6 million).

Computer viruses are also a serious problem. It was reported that 70 to 80 percent of computers in 30 provinces, municipalities and autonomous regions have been hit by infections.

According to the regulation, anyone found putting viruses into a network can face fines up to 5,000 yuan (\$575).

Higher Education To Respond to Market Economy

HK0403092194 Beijing CHINA DAILY in English 4
Mar 94 p 4

[Article by Wei Jing from the "Opinion" page: "Higher Education Must Respond to Market Demands"]

[Text] Colleges and universities should be more market-conscious when setting courses and majors, according to a recent People's Daily [RENMIN RIBAO] forum.

And the government should take measures to guarantee pupils nine-year compulsory education.

Education lags behind economic development due to the more than four decades of centrally planned economic development which preceded the market reforms of the early 90s.

And experts say that the geographical distribution of universities and colleges is irrational—they are sited according to old administrative district boundaries.

Most of the country's universities and colleges are located in big cities like Beijing, Shanghai and Xian while backward areas, where talent must be nurtured as a matter of urgency, still have to rely on government allocation of university places.

In many colleges, the curricula lack flexibility and are limited in scope.

As a result college students graduate with little knowledge of areas outside the subjects they have majored in and may find it difficult to fit into the work environment.

Universities usually emphasize theoretical knowledge at the expense of practical know-how.

For decades, the country's education system has been government-dominated. The State used to pay tuition fees and had the final say in the students' job assignments.

Though the situation has improved quite a bit in the last few years, public enthusiasm in the form of donations—money, facilities, private schools—has been either neglected or discouraged, experts say.

Enterprises failed to play their role in helping students combine theoretical studies with work experience.

But as local governments get more industrial power and new geographical economic blocks take shape, it is inevitable that the distribution of the country's colleges and universities will become more rational, experts say.

And the "invisible hand" of the market will also stretch out and influence university curricula, the experts point out.

But the State, while loosening its grip on university management, should not completely give up its educational control. The government should see to it that due attention is paid to underpinning courses like teacher training. These courses, the experts point out, are vital to the country's national long-term interests.

Out in the business market, success will depend on workforce training programmes, according to enterprises managers in the People Daily's forum.

After all, high-level technical and managerial personnel help enterprises improve product quality which in turn brings the firms more profits.

And professional management skills in key civil service sectors like the treasury, tax office and judiciary are vital to the creation of a sound business environment for manufacturers, the managers agreed.

Both experts from universities and managers of enterprises are concerned about the situation of the country's basic education.

Academics and businessmen concerned about the future of education in China have all called upon the government to be responsible for financing the country's basic education.

Primary and secondary education provides youngsters with basic knowledge which is vital, if they are to go on and learn specialized skills.

Basic education does not aim at getting immediate economic returns. But it develops the youthful potential. And since the young are the labourers of the future, their enhanced capacity for professional knowledge can only profit the country.

So it is not surprising that many countries have set up compulsory, free basic education system, which guarantee poor children a schooling.

China has already launched a nine-year compulsory education system. However, many localities have failed to effectively implement the compulsory system.

And random collection of fees from students in primary and secondary schools has deprived many poor children of their rights to a basic education.

Statistics show that more than 10 percent of the country's pupils and middle school students quite school last year. And prohibitively high school charges were one of the biggest reason behind this.

Some localities also try to shirk their financial responsibilities for basic education under the cover of giving schools more say in their own management.

Government financing and management aid should be made available to support the compulsory education system, according to experts.

The government should campaign to encourage individuals and groups to give financial and social support to basic education, experts say.

Bigger Grants for Tibetan Students Announced *OW0203144394 Beijing XINHUA in English 1329 GMT 2 Mar 94*

[Text] Lhasa, March 2 (XINHUA)—Grants for students from Tibet studying in other parts of China are being raised by nearly 49 percent, it was announced on Tuesday [1 March].

The Tibet Autonomous Region, in south-west China, has allocated 17.35 million yuan (1.99 million U.S. dollars) to be used mainly as stipends for Tibetan students.

The move was announced by Soinam Daje, deputy secretary general of the local Tibet Government.

The yearly grant for Tibetan students studying in inland provinces is being increased from 706 yuan (81.2 U.S. dollars) to 1,050 yuan (120.7 U.S. dollars), he said.

Many inland and coastal provinces, including Beijing and Shanghai, have special schools or classes for Tibetan students, besides schools set up in Tibet itself.

For students studying in local Tibetan schools, fourth-graders (fourth-year pupils in a primary school) and up, who since 1984 have received free boarding, lodging and clothing, will now receive a monthly stipend of 57 to 95 yuan, the official said.

About 4,000 teachers in Tibet will also benefit from the extra investment in education, he said.

In addition, he said, a five million yuan (about 570,000 U.S. dollars) education fund for the region, was set up yesterday.

He said the investment "mostly comes from the central government, that is to say, from the support of all nationalities across the country."

He added: "Without the support and aid, it would be impossible for us to adopt these special measures to develop education."

Salt Smugglers 'Running Wilder' in Inland China *HK0203134494 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0810 GMT 20 Feb 94*

["Salt Smuggling Is Running Wild in China"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 20 Feb (ZHONGGUO TONGXUN SHE)—Reports from departments concerned reveal that salt smuggling is running wilder and wilder in China inland in recent years, which may impair the national economy and the people's health as well.

Statistical data show that the amount of salt output and sale that was not covered by the state plan totaled more than 800,000 metric tons last year. Because of tax evasion, this portion of salt sales did not contribute to tax revenue but had impact on the domestic salt market.

The value of salt is not high. Then why does salt smuggling run wild? The root cause lies in the pretty high levy on salt. The state makes a levy of about 200 yuan on each metric ton of salt. For instance, from January to November 1993, some 30,000 metric tons of smuggled salt was seized in Sichuan province, which implies that about 6 million yuan of salt tax drained away, not to mention the actual amount of smuggled salt which could be very much higher. Therefore, salt smugglers can reap staggering profits from their deals, at the expense of considerable losses on the part of the state. A source from the Sichuan Provincial Salt Industry Bureau said some 200,000 metric tons of smuggled salt was sold on the market in Sichuan last year, incurring a 40 million yuan loss in tax revenue to the state.

What is more worth to be brought to our attention is that the spread of salt smuggling may directly impair consumers' health. As some salt of inferior quality has been sold to some impoverished areas, cases of poisoning or even death caused by salt consumption have taken place from time to time. There have been also some cases where industrial salt was sold as edible salt, and the consumption of iodine-free salt was the cause for the increase in the amount of iodine deficiency in areas where iodine is in short supply.

The source concerned noted that the spread of salt smuggling is a reflection of the fact that laws are not observed. The department concerned suggests that administrative actions, economic legislation, and other means be applied to a comprehensive operation to curb salt smuggling.

Academics Discuss Methods To Combat Corruption

HK0403092294 Beijing CHINA DAILY in English 4 Mar 94 p 4

[Article from the "Opinion" page by Hu Angang and Kang Xiaoguang, researchers with the National Situation Study Group of the Chinese Academy of Sciences: "Corruption Chokes Growth, Say Experts"]

[Text] Corruption still occurs in China despite periodic campaigns to eliminate it.

And it is not only restricted to government and Party officials—shortcomings within the economic system have also encouraged others to resort to dishonesty.

In order to stamp out corruption, the country's economic and managerial systems should be restructured. This is more effective than launching moral crusades.

Government and military departments should be banned from running businesses. They should have their administrations streamlined and their staff should be paid higher wages.

And banks should not be made to impose loan quotas and discriminatory interest rates on private businesses. Instead, their criteria for lending should be based on the performance of the debtor.

And the government should see to it that all businesses, regardless of their ownership and organization, compete on an equal footing. They should have equal access to foreign exchange, foreign trade rights and other resources.

The dual pricing system which exists for certain raw materials, capital and labour at the moment invites abuse of the system.

The government's protection of some businesses, the monopoly status it grants to some industries, its excessive customs tariffs and import quotas and its preferential treatment of certain departments and regions, have all aided unfair competition and led to corruption.

The absence of a sound legal system and a lack of checks and balances within the government have also furthered corruption.

For a while malpractices were checked, only to raise their heads again once the pressure was off.

The most effective anticorruption drive would be a gradual reform of the unfair allocation system.

Capital is the most important element in any society. Until now, the government has secured a low interest rate for State-owned enterprises while adopting a much higher, market-dictated interest rate for the private sector.

In addition to this, the government has adopted a loan quota system to guarantee loans for state-run firms. As a result some banks demand bribes from private companies that are eager for a loan.

The government should unify interest rates and float them so that they are set by market demand. It needs to allow non-State and foreign banks to compete in the financial market and at the same time it should subsidize loans for such sectors as agriculture, communications and energy production.

To ensure fair competition, the government should also slash tariffs, cancel the monopoly status it has given to import-export firms, lift controls on foreign exchange and reduce the restrictions on foreign businesses involved in the service industry.

Except in the case of a few essential public services such as electricity, water and gas supplies, postal services and military production, there is little reason for retaining government monopolies. Moreover, the government

should break down all regional trade barriers to ensure the free flow of resources and it should abolish preferential tax reductions.

The existing salary levels for government officials don't help. Civil servants with high political positions often only enjoy low economic status. The sense of not being paid for what they do leads many bureaucrats to run their own businesses or exchange favours for bribes.

If the size of the present administration is cut by one-third, the salary of bureaucrats should be raised to at least that of the average worker. Meanwhile, housing, medical and transport subsidies for officials should be abolished and their gross incomes should be made public.

The government is also not spending enough on defence. To make up the shortfall, the Chinese army is now engaging in business activities to make money. Some of which have led to corruption.

For the long-term stability of the country, the government should increase its military spending substantially to ensure that the income of soldiers and officers is higher than that of the national average.

CAAC Says Airlines To Be More Punctual, Improve Security

HK0203092094 Beijing CHINA DAILY in English 2 Mar 94 p 3

[By staff reporter Xie Yicheng: "Airlines Make Vow To Be More Punctual"]

[Text] Chinese airlines will be more punctual this year and airport security will be tightened, the Civil Aviation Administration of China (CAAC) said yesterday.

Chen Guangyi, the new director of CAAC, made the announcement at an ongoing aviation conference that opened on Monday.

Improvements in the national airlines will focus on rigid and modernized management.

"Serious flying accidents and air piracy must be put to an end," Chen said. The sector must stick to scientific management with high standards." Chen said last year was one of the worst in Chinese aviation history, with five crashes that killed 76 people.

Several planes were hijacked to Taiwan as well.

Chen said most accidents were a result of lax security checks or flying code violations.

To combat this, flying teams are to reinforce technical instruction and train 600 personnel a year to ease the pilot shortage.

CAAC punished more than 120 people last year for flying accidents. Three pilots were discharged and 68 had their licenses suspended or downgraded.

Chen said CAAC also seriously disciplined Hainan Airlines for hiring pilots from other airlines and letting unlicensed personnel fly passenger jets.

Furthermore, domestic airports this year will intensify ground security and install more devices to detect illegal weapons.

Last year, CAAC punished 31 people, including 6 safety checkpoint chiefs, for poor security.

As part of the airline's dedication to service, it aims to raise flight punctuality to 86-88 percent this year, up from 85 percent last year.

"Flight delays and cancellations are the biggest complaint of our travellers," Chen said.

In a push to improve service of carriers, CAAC will regularly publish the percentage of their flights arriving on time.

Official inspection and opinions from passengers last year listed China Eastern Airlines and Hangzhou Jianqiao Airport as the best in terms of service among the 12 major airlines and 12 airports.

Chen also said passengers should get flight information and other queries answered promptly. In particular, he said, food and lodging must be arranged for travellers that are delayed.

Last year 33.7 million passengers and 696,000 tons of goods and mail were transported by air, up 16.8 and 21 percent from 1992.

Women Urged To Make More Efforts for World Summit

OW0303123694 Beijing XINHUA in English 0712 GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—A senior woman official called on Chinese women to fully play their "half-of-the-sky" role and make more efforts to greet the fourth World Women's Conference, to be held in Beijing next year, and to further promote women's development.

Chen Muhua, vice-chairwoman of the Standing Committee of the National People's Congress, said at a women's public lecture held here today that this year is the "most important" year for China to prepare for the fourth World Women's Conference. The conference has been regarded as a major event for both the Chinese Government and Chinese women.

"China is very pleased to make contributions to the United Nations and World Women's Development," said Chen, who is also president of the All-China Women's Federation (ACWF).

Public lectures were given by 11 women who come from different walks of life and have made outstanding contributions to social development.

Organized by the All-China Women's Federation and other organizations, the lectures are aimed at praising the exemplary women's good morals and urging all of Chinese society to care for and support women's development, said the organizers.

Article Views Literary Style of 'New Experience' Fiction

HK0403092494 Beijing CHINA DAILY in English 4 Mar 94 p 5

[Article by Zong Jie: "Pioneers in 'New Experience' Fiction"]

[Text] Truth is stranger than fiction, the saying goes. Well, strange or not, truth can certainly be a gripping addition to an otherwise fictional tale, as a group of Beijing short story writers have recently demonstrated.

Using a style called "new experience fiction," the writers set their fictional narrators firmly in the maelstrom of real life. Real policemen, real doctors, even real millionaires provide the nitty-gritty details that form the springboard from which the narrator leaps into the world of the imagination.

The ensuing tale is a form of contemporary history—with a spin.

With support from a number of literary magazines in Beijing, the first batch of "new experience" works has already been published.

The pioneer is Chen Jiangong, a Beijing-based writer. His first nouvelle [word as published throughout] in the style is "With a Criminal Record," published last September in the Chinese language literary bi-monthly, Chinese Writers.

The nouvelle reveals what the first-person narrator sees, hears, and feels about the work of a policeman in charge of neighbourhood security.

Every bit of the detail is real, Chen claims. The story records what the policeman says and does, what happens to the policeman and the people around him and, above all, what thoughts these events trigger in the writer himself.

"New experience fiction" should, first of all, tell the personal experience of the narrator—who is not just a bystander, but also a participant in events," Chen Jiangong explains. "In this way, the story links the material world with the mental world, where fiction or non-fiction can take place with cause and effect, or without cause and effect."

He believes that the personal accounts, which bear some traits of news-feature style, may be more readable than conventional fiction.

"New experience" writers may spend exhausting weeks of research preparing for a story.

For example, Bi Shumin, before writing her nouvelle "Appointment with Death," visited many hospitals and crematoriums, jotting down volumes of notes, and even lay down in hospital beds where sick patients had been.

"Tears ran down my cheeks many times when I did interviews at a hospice in Beijing," she recalls. "I am not a woman who always sheds tears, but I was so saddened there that I seemed to be immersed in salt water."

However, when she began to write, "I became very detached," she says.

And she learn from the experience. "It was death that gave me courage and joy, and taught me to treasure life and love the elderly."

She created a story that linked scattered scenes in the minds-eye of her fictional narrator.

"Can writers write like this only after having personal experience?" some one asked Bi.

She replied: This is the way I write this kind of fiction. I simply hammer into pieces the true-life stories I have collected and grind and mash them together with my own ideas and emotions to form a whole."

Xu Moqing, another writer now living in Beijing, has also ventured into "new experience" fiction.

His most recent nouvelle is called "How Much Time Does It Take to Become Rich."

Xu tries to answer the question posed by his book's title by setting himself up as narrator against Ke Zijiang, a millionaire in Fujian Province. In this way, he says, "I can dissect myself so as to see the world more clearly, as if using an X-ray."

As a result, instead of "playing god" as the narrator does in conventional fiction, the "new experience" fiction drives the narrator into the mundane world and makes him or her see his or her own weakness," Xu said.

"The narrator joins the men-in-the-street in their joys and sorrows."

"New experience" fiction has aroused keen interest among literary critics and writers.

Critic Xing An says that a style similar to "new experience" already exists, for example, Truman Capote's "In Cold Blood," which the author describes as "non-fiction".

Because "new experience" fiction stresses the need for the writers to involve themselves in the real world, it depicts a complicated and broad social arena that readers may understand more easily, Xing says.

"New experience" fiction is not only a literary creation," he says. "It also is the writer's involvement in making contemporary history."

Writer Mu Guozheng says that "the word used most in tens of thousands of literary critiques since the founding of New China is 'death'."

Throughout New China's various social periods, from the Great Leap Forward Movement (1959) to the "cultural revolution" (1966-76), critics invariably prompted literary works that had "death."

However, as time passed, novels once widely-acclaimed as having "deep social implication" are now almost forgotten, Mu says.

Over the past decade, there have also been works of "depth," but many—borrowing ideas and philosophy from the West—are very difficult to understand.

After going through so many twists and turns over the years, Mu says he believes that "new experience" fiction may attract more readers to Chinese literature because it departs from the pursuit of "depth" and tries instead to give vivid portrayals of the lives of common people.

Whatever the critics' comments, "new experience" fiction is sure to stay and grow for a while, but it will take time to see whether it will catch on with the public.

Science & Technology

Document Notes 'Key Technologies' for Economic Development

OW0103125994 Beijing XINHUA Domestic Service in Chinese 0513 GMT 1 Mar 94

[By reporter Li Anding (2621 1344 1353)]

[Text] Beijing, 1 Mar (XINHUA)—This reporter learned from the State Planning Commission that the State Planning Commission, the State Science and Technology Commission, and the State Economics and Trade Commission had jointly issued a document entitled "The Key Technologies for Our National Economic Development in the 1990's."

"The Key Technologies for Our National Economic Development in the 1990's" is a guiding policy document. Through this document, the state—proceeding from the overall needs of national economic development—would make full use of the role of planning as well as the market as a means of regulation; guide along scientific and technological capabilities throughout the nation; put together human, material, and financial resources at the central and local levels; and bring into play the initiative of all quarters to emphatically solve a number of major scientific and technological problems closely related to national economic development, so as to promote readjustment of the industrial structure and push on the optimization and upgrading of the industrial structure.

"The Key Technologies for Our National Economic Development in the 1990's" announced this time comprise mainly those in the following categories: 1. Agriculture: involving two kinds of technologies, including crop breeding and comprehensively tackling problems at moderate- and low-yield areas; 2. Energy and the environment: involving five kinds of technologies, including low- temperature nuclear heating, tertiary oil recovery, coal cleaning and utilization, and other technologies; 3. Transportation: involving three kinds of technologies, including high-speed railway transportation, high-grade highways, and inland river shipping; 4. Raw materials and resources: involving seven kinds of technologies, including the continuous casting and rolling of thin sheets and billets [bo ban bei lian zhu lian zha 5631 2647 0999 6647 6999 6647 6509], iron-smelting using oxygen and coal, deep processing and compounding of heavy oil, engineering plastics, plastic alloys, and others technologies; 5. Information and communications: involving nine kinds of technologies, including integrated circuits, computers, software, optic-fiber communications, and other technologies; 6. Manufacturing: including numerical control technology, laser technology, technology for manufacturing large sets of thermoelectric generating equipment, and five other kinds of technologies; 7. Biotechnology: involving six kinds of technologies including genetic engineering for animals and plants, cross-breeding fibroma [za jiao liu 7177 0074 4058] technology, industrial microbiological technology, protein engineering, and other technologies.

GPS Technology Widely Applied in Economic Development

OW0103092694 Beijing XINHUA Domestic Service in Chinese 1055 GMT 19 Feb 94

[Text] According to ZHONGGUO CEHUI BAO [CHINA SURVEY AND CARTOGRAPHY NEWS], global positioning system [GPS] technology is being applied extensively at an unprecedented pace by various departments and in numerous fields in China. This is demonstrated by the following:

1. GPS technology is being used to serve the nation's economic and social development. In 1992, the State Bureau of Surveying and Cartography, in cooperation with relevant departments, completed outer operations surveying [wai ye guan ce 1120 2814 6034 3261] work for the state's high-precision GPS main control network [zhu kong zhi wang 0031 2235 0455 4986]. It is now organizing the testing of the state's high-precision earth control network [da di kong zhi wang 1129 0966 2235 0455 4986]. Using GPS technology, it has established high-precision urban control networks for Haikou, Xiamen, Nanning, and dozens of other cities. Since the beginning of the Eighth Five-Year Plan, it has used GPS standard [shui zhun 3055 0402] measuring technology to precisely measure China's earth standard surface [da di shui zhun mian 1129 0966 3055 0402 7240]. At the same time, GPS is also being used in large and key engineering projects to position and measure the deformation [xing

bian 1748 6239] of engineering works. The technology was used to establish a high-precision control network between Changjiang's Three Gorges Dam site and the Gezhou Dam. Construction of a GPS satellite tracking network is being accelerated.

2. Vigorous efforts are being made to disseminate GPS technology. The State Bureau of Surveying and Cartography has held a series of GPS training and study classes as well as symposiums.

3. Software development and basic research have also been carried out.

Aerospace Industry Corporation Seeks Foreign Investment

HK0303152094 Beijing ZHONGGUO XINWEN SHE
in Chinese 1436 GMT 18 Feb 94

[By reporters Xu Hong (1776 3126), Wang Jiabin (3769 0163 2430): "China Aerospace Industry Seeks Extensive International Cooperation"]

[Text] Beijing, 18 Feb (ZHONGGUO XINWEN SHE)—China Aerospace Industry Corporation [CAIC] today presented 93 projects, which require a total investment of \$1.28 billion, for extensive international economic and technological cooperation.

A person in charge of the CAIC announced at this evening's news briefing that the corporation, now hall-marked by its Long March rocket series undertaking the launching of foreign satellites, is moving toward the outside world in a fresh manner. This year, the corporation will hold four large exhibitions and international cooperation meetings in Chicago, Melbourne, Kuala Lumpur, and Beijing, at which nearly 100 projects of cooperation will be presented.

The CAIC is a scientific and technological industry giant founded on the basis of the aerospace section of the former Ministry of Aeronautics and Astronautics Industry in June 1993. Through the development over the past 30 years or so, China's aerospace industry has expanded to a considerable size and reached considerable sophistication. So far, many models of strategic and tactical missiles and carrier rockets have been successfully developed, and a total of 36 aerospace launchings have been conducted, sending 41 satellites, including five from abroad, into outer space. At the moment, the development of China's Dongfanghong-3 telesat, Fengyun-2 meteorological satellite, and Ziyuan-1 resource satellite is making smooth progress and the first two satellites will be launched and go into operation soon. A prototype of the Long March rocket series is being developed, and the products in this series are going through systematization, generalization, and standardization, as a result of which the corporation is now capable of providing the international market with a wider spectrum of services. As to satellites, after starting the exportation of technology and parts, China is striving to improve its satellite technology and the ratio of

satellite performance to price, in an attempt to be able to export complete satellites around 2000.

The projects for cooperation presented today cover a number of areas, such as electronics, machinery and equipment, automobiles and auto parts, and real estate development. It is said that the corporation has begun adjusting its product mix and will soon start developing the following products as part of the "signature projects" in the development of China's aerospace products for civil purposes: a satellite information system, a mobile communications substation series, a global television transmission system, a satellite digital communications VSAT [as received] station, an aerospace satellite digital mobile communications and localizing system, and so on. Digital control, engineer control [gong kong 1562 2235], robot, detection radar, special chemical industry, special materials, and microwave, infrared, and millimeter-wave technology will also be considered key objects of development. Apart from strengthening cooperation with old and new partners in the above areas, the CAIC is also willing to expand the scope and size of cooperation in the following areas: Coinvestment in, or codevelopment of, such applications as communications, resource, meteorological, and navigational satellites and various kinds of scientific experiment satellites; provision of the ground application systems and equipment for various kinds of satellites; and the establishment and joint management of a satellite application system, with the CAIC's satellites and carrier rockets contributed as its share of investment; and so on and so forth.

The person in charge of the corporation also answered questions from reporters. When a foreign reporter asked about the alleged exportation of M11 missiles by China to Pakistan, this person replied that the corporation does not have this missile model at all, so the alleged export of M11 missiles to Pakistan is pure rumor.

Maritime Signal Satellite Station Passes Acceptance Tests

OW0103105394 Beijing XINHUA Domestic Service in Chinese 1001 GMT 22 Feb 94

[By reporter Chu Baoping (2806 0202 1627)]

[Text] Beijing, 22 Feb (XINHUA)—China's only maritime signal satellite ground station passed acceptance tests today. Its successful establishment has filled another blank in China's high-technology field.

It has been learned that during its trial operation, the station connected for various mobile consumers nearly 200,000 domestic phone (including fax) calls and telexes, and nearly 100,000 international calls.

The maritime signal satellite ground station is a link between the satellite and the ground via telecommunications systems. The Beijing Maritime Signal Satellite Ground Station can provide telecommunications links between mobile telecommunications systems users in the

Pacific and Indian Oceans and users of stationary equipment on land, and supply reliable and mobile satellite telecommunications services to users at sea and on land.

The construction project of the maritime signal satellite ground station was completed in two phases. The first phase's station type-A can provide telecommunications links between mobile telecommunications systems users at sea and on land whereby they can exchange phone calls, telexes, facsimiles, and data. At present, most of China's oceangoing vessels have been equipped with terminal facilities. Once certain buttons are pressed during a shipwreck, distress signals will be transmitted directly via the Beijing Maritime Signal Satellite Ground Station to China's maritime search and rescue centers. Such a connection has provided a safe and reliable guarantee for vessels in distress. Mobile terminal systems on land can provide mobile users with convenient services for remote border areas, news coverage, and geological exploration. The second phase's station type-C, smaller in size than station type-A, can provide global telecommunications services relaying messages and data, including weather reports and stock quotations. It also has stronger signals. It is favorably termed as a "mobile office."

The Beijing Maritime Signal Satellite Ground Station was built by the Ministry of Communications with loans from the Norwegian Government. According to Wang Jialin [3769 1367 7792], deputy director of the Beijing Maritime Signal Satellite Ground Station, the station has plans to develop future digital systems types-B and M.

Military

Liu Huaqing on Army's Anticorruption Work

OW0403041294 Beijing XINHUA Domestic Service in Chinese 1428 GMT 28 Feb 94

[Reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 28 Feb (XINHUA)—Liu Huaqing, member of the Standing Committee of the Political Bureau of the CPC Central Committee [CPCCC] and vice chairman of the Central Military Commission [CMC], spoke today at the All-Army Discipline Inspection Work Conference. He stressed the need to uphold high standards in the army's anticorruption and clean-administration work. He called on leaders at all levels, senior cadres in particular, to strictly enforce rules and regulations formulated by the CPCCC and CMC on party style and clean-administration building; and to become models of wholeheartedly serving the people and abiding by discipline.

Liu Huaqing said the Third Plenary Session of the Central Commission for Discipline Inspection was a very important meeting at which General Secretary Jiang Zemin delivered an important speech. The CMC decision to call the All-Army Discipline Inspection Work Conference was aimed at the timely study of General

Secretary Jiang's important speech; implementation of guidelines set forth at the plenary session of the Central Commission for Discipline Inspection; and further strengthening party style and clean-administration building in the army in line with the arrangements worked out by the CPCCC.

Liu Huaqing expounded the achievements the army has scored in party style and clean-administration building in 1993. He said that as a result of making a conscientious study of Comrade Deng Xiaoping's expositions on enhancing party style and clean-administration building, CMC Chairman Jiang Zemin's relevant instructions, and the CMC's decisions, the army has increased awareness on combating corruption and clean-administration building. Party committees at all levels have extensively strengthened ideological work and improved workstyle, carried out in-house checks and self-correction, and conscientiously investigated and dealt with some major law-breaking and discipline-breaching cases; thereby educating servicemen, helping to improve leadership style, and promote army building in all areas.

Liu Huaqing pointed out the need for all comrades in the army to have a profound recognition of the long-term nature and arduousness of strengthening party style and clean-administration building. This year, the army will resolutely implement the CPCCC decision on the anti-corruption struggle in party style and clean-administration building. He called on the army to gain a new and heightened ideological understanding, and gain new breakthroughs in investigations and dealing with major and important cases; to devote more efforts to important parts and important links; and to make new strides in the areas of establishing systems, and of supervising and checking these systems. Liu Huaqing said with the powerful ideological weapon of Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the strong leadership of the CPCCC and CMC with Comrade Jiang Zemin at its core, and cooperation from everyone in the army, our army's anticorruption and clean-administration building work will surely achieve new results.

Liu Huaqing stressed: Under the new situation, our army shoulders a major historical mission: It must provide a strong and forceful security guarantee for the state's reform, opening up, and modernization construction. This requires us to make ourselves very strong so we will be able to accomplish the tasks given by the state under any circumstances. The fact the CPCCC set clear demands on the army to stand at the forefront of building socialist spiritual civilization demonstrates a high degree of trust in it. The CPCCC set very high demands on army building. As party style and clean-administration building are important for building spiritual civilization, it is natural for the army to do an even better job in this area. Therefore, party committees and leaders at all levels must uphold high standards, make strict demands, and further enhance their awareness and

sense of responsibility in fighting corruption and building a clean-administration.

Liu Huaqing pointed out: The party committee is the key to doing a good party-style job in a unit. If a party committee is strong, it will be able to consolidate the fruits of the anticorruption and clean-administration efforts; even if problems arise, a strong party committee will solve them easily. Criticism and self-criticism sessions should be conducted within the party. We should oppose liberalism [zi you zhu yi]. Opposition to liberalism is the excellent tradition of our party and our army, and we must continuously carry forward that excellent tradition under the current new situation of anticorruption and clean-administration building. It is necessary for party committees at all levels to implement the party's system of democratic centralism and organizational life. Party secretaries and deputy secretaries of party committees must uphold principles, take the lead in stressing party spirit, and in organizing criticism and self-criticism sessions.

When touching on the need for leading cadres to set exemplary roles in party style and clean-administration building, Liu Huaqing said senior cadres in the army must foster the concept of taking the interests of the whole into account and strictly abide by political discipline. They must resolutely implement all decisions reached by the CPCCC and CMC; absolutely refrain from doing things which are definitely banned! law; honestly execute whatever the system dictates; and genuinely speak and act in line with the CPCCC politically, ideologically, and in action. Leading cadres, senior cadres in particular, must be consistent in their speech and behavior when it comes to the matter of honestly fulfilling their official duties and of practising self-discipline; they must practice what they advocate. They must strictly enforce systems and regulations worked out by the CPCCC and CMC on party style and clean-administration building; they must be models of wholeheartedly serving the people and of enforcing discipline.

The All-Army Discipline Inspection Work Conference opened on 25 February in Beijing. The major purpose of the conference was to sum up and analyze the army's anticorruption and clean-administration building work in 1993, particularly its experience in implementing the arrangements mapped out by the CPCCC and CMC on anticorruption and clean-administration building work; and to study and arrange the anticorruption and clean-administration building work for the army in 1994. Zhou Ziyu, secretary of the CMC commission for discipline inspection and deputy director of the People's Liberation Army [PLA] General Political Department, delivered a work report.

Zhang Zhen, Chi Haotian, Zhang Wannian, Fu Quanyou, and others attended today's meeting. Also attending today's meeting were responsible comrades

from the major units of the PLA General Staff Department, General Political Department, and General Logistics Department in Beijing; discipline inspection commission members from the military system; discipline inspection commission members from the CMC; major units from the army; and secretaries and discipline inspection heads of the discipline inspection commission of the armed police units.

Yu Yongbo, member of the CMC and director of the PLA General Political Department, chaired the meeting, and made arrangement for transmitting and implementing the guidelines set forth at the Third Plenary Session of the Central Commission for Discipline Inspection and at the All-Army Discipline Inspection Work Conference.

Army Discipline Inspection Work Meeting Held
HK0303153694 Beijing JIEFANGJUN BAO in Chinese
27 Feb 94 p 1

[By reporter Zhu Ruiqing (2612 3843 3237): "All-Army Discipline Inspection Work Meeting Stresses More Effectively Combating Corruption and Encouraging Clean Administration"]

[Text] Beijing, 26 Feb (JIEFANGJUN BAO)—"With Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and his thinking of army building in the new period as the guide, efforts should be made to keep implementing the CPC Central Military Commission's decision on carrying forward the fine tradition and strengthening the building of clean administration and taking measures step by step to carry out the work of combating corruption and encouraging clean administration in a lasting, in-depth, and more effective manner." This was the aim stressed by the all-Army discipline inspection work meeting which was held yesterday.

With the approval of the CPC Central Military Commission, the General Political Department and the Commission for Discipline Inspection of the CPC Central Military Commission decided to call the all-Army discipline inspection work meeting when the Third Plenary Session of the CPC Central Commission for Discipline Inspection was being held. According to the instructions given by leaders of the CPC Central Military Commission, this meeting was mainly to analyze and sum up the situation and experience of the Army in implementing, in particular, the work plans of the CPC Central Committee and the CPC Central Military Commission on combating corruption and encouraging clean administration and to discuss and draw up a plan for strengthening the work of building party discipline and clean administration in the Army.

Xu Huizi, deputy chief of general staff and deputy secretary of the Commission for Discipline Inspection of the CPC Military Commission, presided over the meeting, and Zhou Ziyu, deputy director of the General Political Department and secretary of the Commission

for Discipline Inspection of the CPC Central Military Commission, delivered a report entitled "Conscientiously Implementing the Guidelines Laid by the Third Plenary Session of the CPC Central Commission for Discipline Inspection, Doing Well the Building of Party Discipline and Clean Administration in an In-Depth and Lasting Manner."

In the report, Zhou Ziyu reviewed the greater achievements scored by the whole Army in the work of combating corruption and encouraging clean administration in 1993. After that, he said: If we take measures step by step, we will have clearer objectives, more appropriate demands, and more concrete measures, which help promote the work of combating corruption and encouraging clean administration step by step. The general response is good.

Regarding the key tasks of planning the work of combating corruption and encouraging clean administration in the Army in 1994, the report pointed out: It is necessary to understand and grasp the work of combating corruption and encouraging clean administration in the Army from the high plane of the overall situation of state and army building, and the work must be subordinate to and serve the overall situation of state and army building. Leading cadres must take the lead in setting an example to their subordinates in the building of clean administration, and this is a demand which can never be altered. However, as far as self-discipline is concerned, efforts must be made to constantly add more concrete details to it and substantiate it in light of new conditions. We must continue to implement, in a conscientious manner, the five stipulations laid down by the central authorities last year on leading cadres' honesty and self-discipline. The Third Plenary Session of the CPC Central Commission for Discipline Inspection put forward and restated the five stipulations, and leading army cadres must carry out them in an exemplary manner. An important mark to profoundly combat corruption and encourage clean administration is to accomplish the work of investigating and handling cases. Party committees at all levels must enhance their leadership of handling cases, and discipline and law enforcement departments must handle cases in an impartial manner. We must buttress up and maintain mass enthusiasm for fighting against negative and corrupt phenomena and, at the same time, teach and guide party members and the masses to properly exercise their democratic rights and to present problems to party organizations in a down-to-earth manner. Regarding the five outstanding issues of ideology and work style mentioned by the CPC Central Military Commission in the decision of enhancing the building of clean administration, we must keep devoting every effort to solving them and to consolidating our achievements and scoring greater success.

As stressed by the report, as far as the work of discipline inspection in the Army is concerned, we still have a very important task, that is, we must maintain our party's political discipline and ensure implementation and enforcement of the party line, principles, and policies as

well as the decisions, instructions, and orders made by the CPC Central Military Commission. Party committees and party commissions for discipline inspection at all levels must teach and guide party members and cadres to uphold the principle of democratic centralism to conscientiously subordinate the whole party to the CPC Central Committee and to maintain a high degree of unity with the CPC Central Military Commission. When various reform measures adopted by the CPC Central Committee and the CPC Central Military Commission are introduced, we must conscientiously study and grasp their essence, analyze and predict problems which may arise, and set relevant demands of discipline on party members to guide their conduct. We must inspect the situation of implementing relevant reform measures taken by the CPC Central Committee and of the CPC Central Military Commission and resolutely redress and seriously handle misconduct which severely violates political and organizational disciplines, such as not implementing orders, not enforcing bans, or each going his own way.

The report called for stronger leadership and a down-to-earth work style to ensure implementation of the tasks of combating corruption and encouraging clean administration. To carry out the work of combating corruption and encouraging clean administration in an in-depth and lasting manner, we must pay attention to education and take precautions against corruption, which is the way to get at the root of the problem. To do a good job in studies and education, the most essential thing is to use Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to arm party members' and cadres' minds, to foster a correct outlook on life and on value, to lay a solid ideological foundation against corruption and degeneration, and to enhance our capability of resisting the corrosive influence of money worship, radical individualism, and decadent life-style. All units and departments must proceed from reality and take such forms as sending teams for investigation to strengthen supervision and inspection. Units and departments at each level must be accountable to their immediate superiors. Supervision and inspection must be linked to cadre assessment, and whether or not a cadre is honest should be used as an important yardstick for promoting him. Under the unified leadership of party committees, all departments of leading organs must conscientiously bear responsibility for the task of combating corruption and encouraging clean administration in accordance with the principle that those who are in charge should be responsible for it, thus ensuring fulfillment of the task in their own departments and affiliated organizations.

Members of the CPC Central Commission for Discipline Inspection coming from the Army, members of the CPC Central Military Commission, secretaries of commissions for discipline inspection of various major units and of the Armed Police Headquarters, and leading comrades of discipline inspection departments attended the meeting.

Anhui Defense Industry Increases Civil-Product Output

OW0403010594 Hefei ANHUI RIBAO in Chinese 9 Feb 94 p 4

[Unattributed report: "Civil Production of Anhui's National Defense Scientific and Technological Industry Reaches New Level"]

[Text] Information obtained from the just-concluded provincial national defense scientific and technological industry working conference revealed that thanks to the persistence in the policy of "combining the production of military hardware with the production of products for civil use" and in the policy of reform and opening up, a profound change has occurred to the province's national defense scientific and technological industry. This industrial system became one of the three pillars for production of civil products in 1993, with the gross output value and sales turnover of the entire industrial system jumping to 45 percent and over 50 percent, respectively, over those in 1992.

In 1993, the number of enterprises from province's national defense scientific and technological industry with an annual output value exceeding 100 million yuan and over 50 million yuan totalled three and six, respectively. Among them was Swan Air Conditioner Company, which realized an output value of 260 million yuan, posted an increase over 50 percent in terms of production and sales over those in 1992, acquired the capability to produce 300,000 air conditioner units annually, despite having been hit with another unseasonably cool summer. Huaihai Machinery Plant rolled out over 10,000 Flying Tiger brand cars, quadrupling output value to 254 million yuan and generating 14.85 million yuan of profits and taxes for the state from those in 1992, acquiring the capability to annually turn out 20,000 Flying Tiger cars, thus initially meeting the requirements for large-scale production. Wuhu Shipyard began building the first 10,000 [dead weight ton] dwt-class vessel—a 12,000 dwt low-waterline freighter which can dock at harbors along the Changjiang—thus opening the way for 10,000 dwt-class freighters to call at ports along Changjiang all the year round as well as bringing good market prospects for Wuhu Shipyard to build 10,000 dwt-class freighters. In 1993, in addition to becoming one of the three pillars for production of products for civil use, the province's national defense scientific and technological industrial system also set up an assembly line for production of 200,000 hinge joint sets for sedans, an assembly line for 20,000 car air conditioners, and an assembly line for 1,500 gear reducer sets, thus constituting new growth areas for the province's national defense scientific and technological industry in 1994. In 1993, the province's national defense scientific and technological industrial system invested 210 million yuan in technological transformation, a 49-percent increase percent over 1992.

The province's national defense scientific and technological system also developed 102 new products. Among them were an international-class colloidal core for ring-type antisprayers [huan xing fang pen qi jiao xin 3883 1748 7089 0899 0892 5231 5361], a colloidal core for antisprayer valves, a container for super-fine filters, portable microwave communications equipment, and a water recycling and cooling system. Some 90 new products were put into mass production, with their output rate reaching 22.97 percent.

Industrial product mix experienced a profound transformation thanks to a large scale technological transformation carried out by the province's national defense scientific and technological industry and to its development of new products in 1993. Based on the achievements in 1993, in 1994, provincial national defense science and industry office will, making key enterprises and key products to serve as the point of departure, promote the economic development of the entire system; strive to increase output value by 35 percent and efficiency by 80 percent; establish four and eight enterprises with output value over 100 million yuan and over 50 million yuan, respectively; and further expand the results of the entire system to switch from military production to civil-product production.

Economic & Agricultural

Jiang Zemin, Li Peng Speak on Poverty Elimination

OW0403081294 Beijing XINHUA Domestic Service in Chinese 1531 GMT 3 Mar 94

[By Ji Bin (1213 2430) and Wang Yanbin (3769 6066 1755)]

[Text] Beijing, 3 Mar (XINHUA)—Addressing a national conference on helping poor areas through development today, General Secretary of the CPC Central Committee Jiang Zemin said so long as leading cadres at all levels always keep poverty-stricken areas in mind; share weal and woe with the people there; adhere to Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line; persist in helping poor areas through developing production in line with actual conditions with necessary assistance from the state and all sectors of society; work persistently; and pay attention to efficiency, they will certainly fulfill the plan to wipe out abject poverty by the year 2000.

At the conference, Premier Li Peng delivered a speech entitled: "Helping Poor Areas Through Development Is an Important Strategic Task."

The conference, convened by the State Council, ended in Beijing today. Attending were Li Tieying, Zou Jiahua, Wen Jiabao, Li Guixian, Ismail Amat, Peng Peiyun, and Luo Gan. Also attending were leaders of democratic parties and the Federation of Industry and Commerce,

including Li Peiyao, Feng Zhijun, Feng Kexu, Chen Xunli, Song Jinsheng, Lu Rongshu, Chen Mingshao, Cai Zimin, and Chen Jingxin.

Today's conference was presided over by Chen Junsheng, head of the Leading Group for the Economic Development of Impoverished Areas under the State Council. At the conference, leaders of provinces, autonomous regions, and municipalities under the central government, including Yunnan, Xinjiang, Hebei, Shandong, Beijing, and Ningxia, made reports on their plans to implement the National Poverty Elimination Plan.

In his speech, Jiang Zemin began by affirming the great historic achievements scored in assisting impoverished areas through promoting development since the Third Plenary Session of the 11th CPC Central Committee. He said: The most important experience China has gained from its progress in poverty reduction is the establishment of a new aid-the-poor principle, shifting from merely relief aid to aiding poor areas by promoting social and economic development. Practice shows that aiding poor areas through social and economic development by heeding market demands, relying on the advancement of science and technology, exploiting local resources, and developing commodity production, will not only provide enough food and clothes for poverty-stricken people, but will also help them free themselves from poverty and become well-off. Thus, the principle of helping poor areas through social and economic development by combining state assistance to poor areas, and the self-reliant spirit and hard work of cadres and people in the impoverished areas, constitutes a fundamental change in this work; it is an important creation which must be continued for a long time to come.

Jiang Zemin pointed out: We are still faced with arduous tasks in our effort to help poor areas. To solve the problem of providing sufficient food and clothes for 80 million people in the next seven years, the State Council has drawn up a national poverty elimination plan. This is a good plan. The key is that we must have the determination to tackle the problem and resolutely continue the work for a long time to come.

Pointing out that it is necessary to further understand the importance of aiding poor areas through social and economic development, Jiang Zemin said: Elimination of poverty to realize common prosperity is required by the essence of socialism and is the embodiment of the superiority of socialism. In leading the people in making revolution and building socialism, the party aims at emancipating and developing productive forces to enable people to become prosperous. Since the introduction of reform and opening to the outside world, we have allowed and encouraged some people and regions to become well-off first. The aim is that common prosperity can be achieved in a better way because people and regions which become well-off first will give an impetus to other people and other regions to strive for prosperity. In developing a socialist market economic structure, we should not only seek efficiency in resource allocation but

also take into account the principle of fairness, that is, we should do better in adopting effective policies to assist impoverished areas. Jiang Zemin said: Elimination of poverty to realize common prosperity is required by reform and opening up to the outside world, and is also an important condition for maintaining stability. Development in various areas is uneven; some areas are developing fairly rapidly, while other are developing relatively slowly. This is unavoidable. However, in this process we must keep an eye on economic development in the impoverished areas and help them free themselves from poverty and become well-off, so as to achieve the goal of common prosperity.

Pointing out that to resolutely carry out the work of assisting poor areas through development for a long time to come, party committees and governments at all levels must improve leadership over this work, Jiang Zemin said: Helping poor areas through development is not only an important economic task but also a political task concerning the masses—which includes the building of material civilization as well as spiritual civilization. Party committees and governments at all levels should, as always, strengthen leadership over the work to aid poor areas. Jiang Zemin called on the principal leaders of party committees and governments at all levels to show concern for this work, attend to it, and regard it as an important means of caring for the masses' hardships and improving ties between the party and masses. He also called on them to make an overall plan, concentrate on tackling weaknesses, and make frequent visits to poor areas and nationality minority areas to help cadres and masses there solve practical problems. He said: Principal leaders should dispatch cadres, on a rotational basis, to poor areas to help with their work. Cadres should be selected from provincial, prefectural, and county organs, and sent to impoverished townships and villages to work there for a certain period of time. While there, they should publicize party policies among the masses, assist them in improving leading bodies, and help them find a way to free themselves from poverty and become well-off by bringing in professional personnel and technologies, and organizing them to develop explorative undertakings. Achievements in helping poor areas free themselves from poverty should be used as a criterion for evaluating and promoting county and township leading cadres.

Jiang Zemin said: Party committees and governments should be good at mobilizing and organizing all sectors of society to bring about a new situation in the work of assisting poor areas. When conditions permit, state organs, the People's Liberation Army, the democratic parties, social organizations, and enterprises and institutions, should, as always, actively support and take part in the work of aiding poor areas to the best of their ability. In aiding poor areas, investment is necessary. Financial and other monetary departments should render their support by providing funds on preferential terms. They should also organize comparatively economically developed areas and underdeveloped areas to help one another in order to promote mutual benefit, common development, and common prosperity.

Pointing out that it is necessary to give full play to the innovative spirit of self-reliance and hard work of cadres and masses in impoverished areas, Jiang Zemin said: It is absolutely necessary for the state to provide some assistance to impoverished areas and for all sectors of society to participate in helping these areas. However, in the final analysis, the poor areas should rely on themselves to solve the problem of food and clothing, and to free themselves from poverty and become well-off. This requires cadres and masses in impoverished areas combat adverse natural conditions and develop their economy by displaying the spirit of self-reliance and hard work. Difficulties can easily be overcome with a hard-working spirit. This spirit is our party's fine tradition and also constitutes our basic experience in helping poor areas become well-off.

He stressed: While relying on our own efforts and working diligently, we should think of new ideas for helping poor areas through economic development. We should free ourselves from the fetters of traditional concepts and forces of habit, genuinely implement reform, open up to the outside world, and invigorate the economy. We should emancipate our minds and find the correct path. Many impoverished areas have suffered losses because they have not sufficiently emancipated their minds and have not sufficiently opened up ways to develop their economy. While their barren hills, slopes, and land still remain uncultivated, their surplus labor also remains idle. Excessive labor should be taken as an asset, not a burden. To do a good job in helping poor areas through development, it is necessary to exploit local resources. At the same time, labor should be exported in an organized and planned way. He said: Training professional people by adhering to the spirit of self-reliance and hard work is the key to success. It is necessary to transform this innovative spirit into a material force. Finally, it is necessary to rely on giving play to the wisdom and intelligence of laborers. Therefore, importance must be given to helping poor areas and developing intellectual resources by relying on science and education. At the same time, family planning must be carried out successfully.

Jiang Zemin pointed out emphatically: Whether the innovative spirit of self-reliance and hard work can be carried forward depends, to a large extent, on how in touch leading bodies in poor areas are and how strong the basic organizations of these areas are. It is necessary to strengthen work in impoverished counties. In line with the needs of the work to assist impoverished areas through development, outstanding cadres who are capable, can endure hardships, and maintain close ties with the masses should be promoted to assume the posts of county party committee secretaries and county heads. Relative stability regarding these posts should be maintained. It is necessary to strengthen the organization of party branches in impoverished villages. A good experience has been learned from the work of assisting impoverished areas—that is, "while providing relief in money and material, it is more important to build up a good party branch."

Li Peng began his speech by stressing that it is the historical responsibility of the CPC and the government to assist poverty-stricken areas to change their undeveloped features through carrying out the plan to eliminate poverty by the year 2000. He pointed out: Solving the basic food and clothing problems of 80 million people in rural areas and assisting them to become comparatively well off during the next seven-year period are historical responsibilities which communists of this generation and people's governments at all levels must not evade. We must ensure the success of this major strategic plan, which has political as well as economic significance. Leading comrades of party committees and governments at all levels and persons in charge of all departments must consider this project as an important task, attend to it earnestly, and accomplish it according to schedule.

Li Peng stressed: Implementing the plan to eliminate poverty by the year 2000 and assist poverty-stricken areas to develop their economy is a strategic measure for gradually reducing the differences between the eastern and western parts of China. He said: Over 80 percent of the nation's 80 million people—for whom basic food and clothing problems have yet to be totally resolved—live in central and western parts of China, with the majority living in southwest and northwest parts of China. In this sense, solving the basic food and clothing problems of people in impoverished areas and helping them shake off poverty and become comparatively well off is an issue of reducing the developmental differences between eastern and western parts of China. He said: Differences do exist objectively. While it is impossible to totally eliminate the differences within a short time owing to historical, natural, geographical, social, and economic factors, we must exert positive efforts to gradually reduce and eventually eliminate the differences. We uphold the policy of encouraging some people and some regions to become affluent ahead of others through honest labor and legitimate businesses and then guide and assist the less developed areas in development. This is for the purpose of achieving nationwide prosperity. If we all are poverty-stricken, then nobody is able to assist anybody. Only when some regions have developed first and have developed a stronger economic ability can they be in a position to assist the less developed areas. He said: We have accomplished a great deal of work in reducing differences and achieving common prosperity. From a vertical point of view, both developed areas and poverty-stricken areas are developing; and from a lateral point of view, the differences between poverty-stricken areas and developed areas are still widening. Thus, party committees and governments at all levels must attach great importance to this problem and take effective measures to reduce the regional differences.

The eight measures which Li Peng mentioned in his speech are: Encouraging the prosperous and developed coastal areas and the large and medium cities to guide and assist the poverty-stricken areas; the state will provide poverty-stricken areas with adequate financial and

monetary support; the state will give poverty-stricken areas preferential treatment with regard to major construction projects; gradually rationalizing through reform the prices of raw and semi-finished materials and primary goods; improving the competence and scientific and technical proficiency of people in poverty-stricken areas; carrying out open, experimental aid-the-poor projects on the basis of carrying out developmental aid-the-poor programs; mobilizing people in all social quarters to support developmental and construction projects in poverty-stricken areas; and encouraging poverty-stricken areas to foster the spirit of self-reliance and arduous struggle.

Li Peng stressed: To implement the plan to eliminate poverty by the year 2000, graduated responsibilities, especially responsibilities discharged by provincial governments, will be carried out under the centralized leadership of the CPC Central Committee and the State Council. This means that principal leading comrades of provincial party committees and provincial governments must be concerned with aid-the-poor programs and properly attend to these programs. One point must be clear: Provincial governors must take personal charge. Executing the plan for eliminating poverty and resolving the masses' basic food and clothing problems by the year 2000 is a systems engineering project involving economic activities of financial, banking, agricultural, forestry, water conservancy, industrial, and commercial sectors as well as operations of departments in charge of culture, education, public health, and planned parenthood. Thus, the government must have an overall plan and make comprehensive arrangements. He pointed out: Whether this plan can be accomplished according to schedule so that the basic food and clothing problems in impoverished areas can be resolved is a specific target which leading cadres at various levels must meet to see whether or not they really do things which are in the interest of the people and whether or not they care for the plight of the people. When we judge the performance of a province, a region, or a city, we cannot simply look at its economic growth, we must also examine how good the results are, how fast the people's living conditions have been improved, and how the basic food and clothing problems in impoverished areas have been resolved. Leading comrades at various levels should not only pay attention to developed areas, but more importantly, we must show concern for the problems of the people in poverty-stricken areas. In accordance with the plan to eliminate poverty in poverty-stricken areas by the year 2000, all provinces, autonomous regions, and municipalities must draw up their individual plans. Moreover, they must check their progress and performance every year. By no means should efforts be slackened in the least. All government departments must continue to consider the fulfilment of aid-the-poor developmental programs as their own responsibility and draw up their respective aid-the-poor programs in accordance with the plan to eliminate poverty by the year 2000.

Present at today's meeting were persons in charge of governments of various provinces, municipalities, and

autonomous regions; and persons in charge of relevant central departments and committees.

Li Peng Signs Decree on Foreign Financial Institutions

OW0203142594 Beijing XINHUA Domestic Service in Chinese 0845 GMT 1 Mar 94

["Decree No. 148 of the State Council of the People's Republic of China"]

[Text] Beijing, 1 Mar (XINHUA)—The "PRC Regulations on the Management of Foreign-Funded Financial Institutions" were approved on 7 January 1994 by the 14th executive meeting of the State Council and are hereby promulgated. They will go into force as of 1 April 1994. [Signed] Premier Li Peng [Dated] 25 February 1994

'Central Leader' on Controlling Investment in Fixed Assets

HK0303064294 Hong Kong TA KUNG PAO in Chinese 27 Feb 94 p 2

["Special dispatch": "Central Leader Reiterates That Resolute Measures Will be Implemented To Keep Scale of Investments in Fixed Assets Under Control"]

[Text] Beijing, 25 February (TA KUNG PAO)—Recently a central leader emphatically pointed out that it is necessary to continue to adopt resolute measures to solve the problem of investment in fixed assets and effectively strengthen the macro management of real estate and development zones.

The leader said: The central authorities' policy decision on strengthening and improving macroregulation and control is entirely necessary and correct. Nevertheless, the task of solving outstanding contradictions and problems is still quite arduous. Some advances have been made in controlling the scale of investment in fixed assets and readjusting the investment structure in the previous stage. However, overall, the action we have taken in this regard is very limited. Those projects which ought to be suspended or postponed have not been suspended or postponed. Problems such as an overexpanded scale of production and an overextended construction front still exist. If this situation continues to develop, this will be detrimental to both the local and overall situations. This being the case, all localities and departments must genuinely unify their thinking and actions on the central authorities' major policy decision on strengthening and improving macroregulation and control; take resolute and powerful measures to solve problems in fixed assets investment; seriously examine, check, and prioritize the projects under construction; and effectively ensure that funds are concentrated on key projects.

The leader said: It is necessary to put newly launched projects under strict control, effectively strengthen the

macro management of real estate and development zones, earnestly and comprehensively screen real estate companies of all types, and stipulate that the government will withdraw land from real estate companies whose development capital is less than 25 percent of their land purchase funds or sell their land within a year, they are prohibited from selling their land if their development capital is less than 20 percent of the land purchase funds, and, in future, in commercial developments by real estate companies, the proportion of residential housing units with minimal profits should not be less than 20 percent of the total. Efforts should be made to standardize the source of independently raised investment funds and strengthen supervision of the use of foreign loans. At present, a considerable amount of independently raised funds has exceeded the ceiling set by previous stipulations concerning the source of independently raised funds. A strict definition should be made to standardize the source of independently raised funds. Taking on foreign loans should be approved, and it is necessary to expedite reform of the investment structure and pay close attention to investment legislation.

According to another news report, the State Council recently made clear that the power to make industrial policy is that of the State Council, and the State Planning Commission is the relevant industrial policy management department specifically in charge of the study, formulation, and implementation of industrial policies. Other relevant departments in charge of comprehensive economic management and specialized departments also shoulder corresponding responsibilities, and departments concerned and localities should coordinate with them in many ways.

A State Council leader said: In the new situation, to do a good job of industrial policy, it is first of all necessary to have a firm grasp of the overall situation and stress the main points. Efforts should be made to comprehensively develop agriculture, strengthen the construction of infrastructure and basic industries, and invigorate the four pillar industries of machinery and electronics, the petrochemical industry, auto manufacturing, and the building industry. Next, it is necessary to have a clear picture of the market, meet the needs of the market, guide the market, and regulate and control the market. All sides concerned should coordinate with each other in this regard under unified policy decisions. Finally, it is necessary to strengthen standard basic rules and regulations.

Progress Reported in Financial Market in 1993

OW2802104894 Beijing XINHUA in English 1036
GMT 28 Feb 94

[Text] Beijing, February 28 (XINHUA)—China improved its financial situation last year through strengthened macro-economic control measures to support a sustained, stable and healthy economic development.

Zhang Sai, director of the State Statistics Bureau, said today that China adopted a secure monetary policy to curtail the undue fixed assets investment and excessive money supply, absorb savings deposits, increase the input and adjust the structure of credit and loans.

These measures guaranteed the supply of capital for state key projects, in industrial and agricultural production, in purchasing farm and sideline products and in alleviating the shortage of circulating capital encountered by some important enterprises, he added.

At the end of 1993, he said, savings in various forms in state banks totalled 2,324.5 billion yuan, an increase of 433.9 billion yuan or 23 percent more than the total a year before. The money in circulation amounted to 586.5 billion yuan, up 35.3 percent, and the money supply in 1993 was 152.9 billion yuan.

At the same time, China's foreign exchange reserve increased, standing at 21.2 billion U.S. dollars in cash (savings deposits in foreign exchange at the Bank of China excluded), 1.76 billion more than at the beginning of that year, statistics showed.

Zhang said China's insurance service also made big strides in 1993. Property insurance of various kinds totalled 5,137 billion yuan, up 12.6 percent over 1992. Over 776,000 enterprises joined in enterprise property insurance, 130 million households participated in household property insurance and 250 million persons in life insurance programs.

He said that insurance companies tackled nearly 7 million claims of property loss and paid an indemnity of 13.7 billion yuan for settled cases. Another 9.1 billion yuan was paid to 6.64 million persons as reparations in life insurance programs.

Meeting Discusses Progress in Rural Hydroelectricity

OW2802212194 Beijing XINHUA in English 1303
GMT 28 Feb 94

[Text] Beijing, February 28 (XINHUA)—China's rural waterpower generating capacity has reached more than 2,000 kw, with an annual electrical energy production of over 59.4 billion kw.

An on-going meeting on national rural hydropower construction revealed that 14 out of 200 counties selected to undergo full electrification by the State Council in 1991 have now attained the goal ahead of time.

Over the past three years, rural areas of the country have added a generating capacity of 3.77 million kilowatts, according to the meeting.

Also, the total generating capacity of waterpower projects which are now under construction is expected to reach about 9.6 million kilowatts this year.

Controls on electricity prices for users on rural hydropower networks have been lifted, and newly-built power stations have adopted a new price system of capital repayment with interest.

According to the meeting, the nation's total investment in waterpower construction in 1993 was seven billion yuan.

It also said that agricultural banks throughout the country provided loans of 8.64 million yuan to build medium- and small-sized power stations, 6,855 of which have been put into operation and more than 400 of which are still under construction.

The focus of the hydro-power construction drive over the past few years has been on the development of local electricity networks and joint stock companies.

More than 40 trans-county regional companies have been set up, and nearly 150 companies have been reorganized or rebuilt in line with the share-holding system or joint stock system.

The electrification in recent years has boosted economic development in rural areas, in mountainous areas in particular.

The average area of irrigated land per capita in the initially electrified counties increased to nearly half a hectare, with an average grain output per capita reaching more than 360 kilograms, according to the meeting.

The electrification drive enabled 33.2 million farmers in poverty-stricken mountainous areas to use electricity, the meeting said.

Beijing To Curb Inflation, Strive for Stability

HK0203130294 Hong Kong MING PAO in Chinese 25 Feb 94 p A13

[By special reporter Fang Yuan (2455 0337)]

[Text] Being worried that the inflation rate that has remained high would have a negative impact on the forthcoming National People's Congress [NPC] and Chinese People's Political Consultative Conference [CPPCC] National Committee sessions, or even on social stability across the country, the Beijing higher leadership have decided to adopt a series of measures soon to keep down commodity prices. It is disclosed that as the fifth anniversary of the 4 June incident is drawing nearer and nearer, Zhongnanhai has ordered that "every measure be taken at whatever expense" to maintain stability across the country.

Information has it that the mission to keep down commodity prices has become the "central" task for China's major economic management sector. Chen Jinhua, minister of the State Planning Commission, and Luo Zhiling, vice minister of the commission, have been named to run this massive price-curb operation, which will be carried out with the involvement and cooperation of a

few other departments. In order to mitigate the drastically soaring trend of commodity prices, a series of actions will be adopted soon, including convening an urgent national telephone conference, launching a nationwide general inspection of commodity prices, and taking some necessary administrative actions to set price ceilings for some means of subsistence. The whole operation will be fully launched by 7 March, with different phases started one after another.

The margin of price hikes in China has remained at a two-digit level since last year. Despite the macroeconomic regulation and control policy that was introduced in last July with the aim of cooling down the economy, the momentum of price hikes has not been curbed, with the commodity price index rising from 19.5 percent in May to 22 percent in August in 35 major cities. Then, last November, the country experienced a drastic increase in the prices of grain, edible oil, and foodstuffs, with grain prices alone rising by over 40 percent in some localities. Although grain prices were temporarily stabilized after 5 billion kg of grain reserves were sold on the market and some administrative actions taken by the state, the price increase trend was not completely halted. The price index in 35 major cities for January this year, as released by the State Statistics Bureau, remained as high as 23.3 percent. Some Beijing experts noted that China is now facing the fourth commodity price "blast wave" after the three price increase peak periods in 1985, 1986, and 1988.

An informed source in Beijing revealed that the CPC higher leadership is deeply worried about the persistent high inflation rate. And the commodity price issue will be a politically sensitive one this year, particularly because this will be a "year of reform" and also the year to see the fifth anniversary of the 4 June incident.

Early this year, a central department concerned pointed out in a most confidential document: This year will see the fifth anniversary of the 1989 "Beijing contretemps" (that is, the 4 June incident), "hostile forces" at home and abroad will be doing something. From last year onward, more and more of those who went abroad before and after 1989 will be returning to China (many of them have acquired the right of residence in foreign countries). Meanwhile, those who were arrested because of involvement in the 4 June incident are now being discharged from prison, and they may still be playing a role as "unstable factors," although most of them have now turned to work in the economic field. In view of this fact, the document noted that it is necessary to step up the "anti-subversion struggle" in the economic field, pay close attention to these people's activities after joining the business circles, and guard against any attempt by them to confront the authorities or engage in illegal political activities by making use of economic means or under economic camouflage. It is said that to cope with this development the Chinese public security and state security sectors have set up special departments to keep watch on the economic circles as well as dissidents in business circles.

Beijing 'Aims To Attract' Greater Foreign Investment

OW0203143394 Beijing XINHUA in English 1330
GMT 2 Mar 94

[Text] Beijing, March 2 (XINHUA)—Beijing aims to attract investment from some 200 to 300 trans-national companies in the next few years in a bid to bring a fast development to the local economy.

That is part of a package of plans announced by Lu Yucheng, vice-mayor of Beijing, in a recent meeting here. The plans are expected to help the capital reach the goal of a relatively-comfortable life three years earlier than the nation's schedule.

So far, more than 60 well-known trans-national firms have come to Beijing to invest, according to the latest statistics.

The investment fields that the municipal government tries to attract foreign investment in cover infrastructural construction, renovation of outdate houses, high-tech and new-tech sectors, economic and technological development zones, the service industry and modern commercial buildings.

In addition, the government attempts to lure foreign investment into such fields as high-efficiency farming, tourism and financial sectors.

Lu said Beijing also plans to expand its foreign trade by over two billion U.S. dollars this year through building more export-oriented firms and factories. Last year's total exports topped 1.68 billion U.S. dollars. The shareholding system will be promoted in more trade companies.

Officials said they hope to set up a total of 4,000 foreign-funded enterprises involving 1.25 billion U.S. dollars by the end of this year, up 39 percent over last year.

To achieve that goal, the vice-mayor said that more than 10,000 high-level specialized experts involving international finance, international trade and modern management will be trained.

Market Economy To Be Discussed at NPC Session

HK0203134594 Beijing ZHONGGUO XINWEN SHE
in Chinese 0616 GMT 2 Mar 94

[By staff reporter Geng Jun (5105 6511): "Looking Ahead at the 'Two Sessions': Market Economy Will Be the Keynote"]

[Text] Beijing, 2 Mar (ZHONGGUO XINWEN SHE)—Last year, there were two key events in China's political and economic process: First, at the first session of the Eighth National People's Congress [NPC], "the state practices the socialist market economy" were written for the first time into the PRC Constitution, the fundamental law of the country. Second, the Third Plenary

Session of the 14th CPC Central Committee held late last year formulated the general framework of China's market economy.

The two points on both ends of the year formed the main course of China's reform. That is, the ship of China's economy eventually sailed into the main course of the market economy after passing the stages of a planned economy, an economy with planning as the mainstay and market as the complement, and a planned commodity economy.

On the whole, the current Chinese economic structure remains in the transitional stage from a planned to a market economy. In addition, five major reform measures in the taxation and financial, banking, investment, foreign trade, and modern enterprise management systems adopted this year will cover and effect a wide scope of activities to an intensive degree and more problems and contradictions in the reforms will arise. Therefore, some experts expected that the forthcoming second session of the Eighth NPC would mainly discuss the operation of the market economy and realistically analyze and settle various problems in the market economy. This may be different from last year's NPC session, which just called for "grasping the opportunity for development" and established the objective of a market economy.

The deputies to the NPC, who come from the forefront of the economic work, will pay more attention to the following questions: How to handle the relationship between the rate of growth and economic efficiency in the course of development; how to optimize the environment for fair competition, overcome the unevenness in regional development, and break local economic blockades and monopolies in some trades; how to quicken the process of building up an integrated legal system; how to deal with the obvious backwardness of the markets for production factors; how to transform government functions and turn the participants in market competition into creators of an environment for fair competition; how to solve such problems as why large and medium-sized state-owned enterprises lack dynamism in operation and entering the market; how to strengthen overall price control and establish various types of risk funds and reserve systems; and how to maintain the stability of the farm produce market.

In retrospect, the year since the first session of the Eighth NPC was a year recording the enhancement of the overall marketization degree of the Chinese economy.

The market system has been further maturing. There are now more than 1,600 wholesale markets for farm produce, more than 1,000 wholesale markets for industrial consumer goods, and some 1,800 wholesale markets for producer goods in the whole country.

Markets for production factors have also emerged. On the financial market, there are now 85 securities companies and more than 500 intermediate securities institutions in the whole country. On the technological market,

there are some 2,800 institutions of all types engaged in technology trade, and over 10,000 information institutions of all types. On the labor force market, there are some 13,000 job placement institutions, which help some 8 million people find jobs each year. On the real estate market, there have emerged some 12,000 development companies.

The market pricing mechanism is also forming, and the proportion of prices fixed according to state plan has substantially decreased. Among farm produce and industrial consumer goods and capital goods, the proportions of prices being basically formed by market forces separately reached 90 percent and 85 percent. The proportion of products controlled by the state's mandatory industrial production plans in the gross industrial output value of the whole country fell to only 4 percent.

The Eighth NPC Standing Committee also created a remarkable record in the past year as it passed 20 laws, made 13 law-related decisions, and basically scrutinized eight draft laws. This was the most laws the NPC Standing Committee has ever deliberated and enacted in a year. The "company law" has played a role in regulating and standardizing the operation of 1.03 million business companies of all types in the market economy. The "anti-improper competition law" provides the legal standards for market behavior.

It is expected that some other subjects will also be discussed by the deputies at the forthcoming NPC session, but the experts held that all of them were just problems in the course of advances and development of the Chinese economy and were just interludes of the main melody.

Sensibly raising, analyzing, and resolving these problems at the "two sessions" will enable the ship of the Chinese economic reform to move ahead along the course of the market economy by braving winds and waves.

Foreign Exchange Business 'Brisk in Recent Years'

OW0403094394 Beijing XINHUA in English 0740
GMT 4 Mar 94

[Text] Shenzhen, March 4 (XINHUA)—China's foreign exchange business has been brisk in recent years, as witnessed by the growth of swap and securities markets, according to a senior finance official.

Song Haipeng, deputy director of the State Administration of Exchange Control, made the statement at a recent international financial symposium in this special economic zone in Guangdong Province.

Song said that there are 2,292 financial organs in China handling foreign exchange business, including 90 foreign-funded banks or Sino-foreign banking joint ventures.

Chinese financial organizations have 230 billion U.S. dollars in foreign currency assets. They deal with various kinds of business in international and domestic financial markets.

More than 100 swap markets in the country make it possible for enterprises and individuals to buy and sell their foreign currency. The transaction volume during the past two years has reached some 25 billion U.S. dollars.

Since 1991, when China began to issue B shares to overseas securities investors, 30 types of B-share stocks have been listed on the stock exchanges in Shanghai and Shenzhen, pooling more than one billion U.S. dollars in foreign funds.

Meanwhile, a number of state-owned large and medium-sized enterprises have listed their stocks on the Hong Kong Stock Exchange.

In addition, Chinese enterprises succeeded in issuing bonds in Tokyo, London, Frankfurt, Singapore, Luxembourg and the United States last year.

Beginning April 1 this year, a nationwide unified inter-bank foreign currency transaction system will be adopted to make it more convenient for currency sellers and buyers to conduct their business.

Song said that during the past few years China's economy has been growing at a high speed and the country is opening wider to the outside world. As a result, China has become a major participant in international trade. All these factors will further promote China's foreign currency business, Song said.

'Sharp Increase' in Number of Private Enterprises HK0403074694 Beijing CHINA DAILY in English 3 Mar 94 p 1

[Text] Chinese private businessmen are growing confident in State policies and market development prospects as evidenced by the sharp increase of private enterprises last year.

More than 98,200 private enterprises began last year, bringing the total figure to about 268,000, China Business Times reported.

Private firms' total tax turnover surpassed 29 billion yuan (\$3.33 billion) in 1993, a 43 percent rise over 1992. This brings more social and economic benefits to the nation.

One new and important development was that private enterprises began to re-invest more in business expansion.

The State Administration for Industry and Commerce, which oversees private enterprises, said their registered capital hit 68.05 billion yuan (\$7.82 billion). The average

registered capital for a private business increased last year 80 per cent from 159,000 yuan (\$18,276) in 1992 to 286,000 (\$32,870).

And private enterprises with at least 1 million yuan (\$114,900) in registered capital reached 8,784, the paper reported.

This was a 380 per cent growth in one year.

Meanwhile, 5,302 private enterprises employed 100 to 499 workers and 303 had more than 500 worker. Many private enterprises have turned toward limited liability systems.

Last year a record 48,580 private companies with limited liabilities were set up and their registered capital made up 64 percent of the total private enterprises capital.

While vying with State-owned enterprises in the domestic market 2,000 private firms extended their businesses abroad last year, earning about 1.58 billion yuan (\$181.6 million) in foreign exchange.

The quality of workers in these plants is also improving as more university graduates and scientific and technical workers are looking for jobs in the private market.

Another encouraging development, according to the newspaper, was that more private enterprise owners have switched their business focus to scientific and technological advisory services and the tertiary industry.

Almost 60 percent of last year's 98,000 new private enterprises are engaged in the tertiary services, especially those providing high-tech services such as computer technology, software development and private education services.

Despite the rapid development in the past decade, experts say, the private economy is only at an infant stage in China and its strength is still quite limited.

Light Industry Exports for 1993 Reported

OW0203140294 Beijing XINHUA in English 0950
GMT 2 Mar 94

[Text] Beijing, March 2 (XINHUA)—China earned a total of 30 billion U.S. dollars through the export of light industrial products last year.

With a big rise of 15.17 percent over the previous year, the export volume from the light industrial sector took up one-third of the total export volume for the whole country.

And 64.9 percent of the export volume was achieved by the export of 14 major light industrial products, which yielded 19.46 billion U.S. dollars.

The export volume of timepieces, household appliances, leather shoes, toys and plastic products surpassed 1.3 billion U.S. dollars each.

The export volume of machinery and electronics products registered a sharp rise of 27.2 percent over the previous year.

Yu Zhen, head of the China Council of Light Industry (CCLI), said that as a pillar of China's national economy, light industry has established a production network which can not only fulfill domestic demands, but also wield a certain competitive edge on the world market.

As Yu put it, China's light industry will expand international cooperation, introduce advanced overseas technology and facilities, and further improve the quality of products.

About 218 representatives from China's famous light industrial enterprises today signed a declaration here, to mark the "International Consumers Day", which was set to be March 15.

The declaration pledged their determination to contribute to providing more famous-brand products.

Price Hikes Caused by Taxation Reform

HK0303105494 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1024 GMT 2 Mar 94

["Special article" by Hong Fei (7703 7378): "As Tax Reform Triggers Price Surge, the Chinese Government Is Urgently Seeking Countermeasures"]

[Text] Hong Kong, 2 Mar (ZHONGGUO TONGXUN SHE)—As of 1 January this year, the Chinese authorities substantially reformed the tax system. The main purpose was to simplify it, unify tax rates, fairly share tax burdens, and create an environment for comparatively fair competition inside and outside enterprises according to the requirements of the market economy. However, shortly after the adoption of the new tax system, many manufacturers raised the prices of their products, and many wholesalers and retail shops also "followed suit," thus causing price disorder. In January and February, prices increased by an average of over 20 percent. This caused resentments among the masses. The authorities could not but decided to adopt price control measures as of 1 March.

Reportedly, this year's taxation reform included the following four main points:

First, reforming enterprise income taxes. In the past, different tax rates were applied to different types of enterprises. For example, the tax rate for foreign-funded enterprises was 33 percent, while the tax rate for state-owned enterprises was 55 percent. Thus, the state-owned enterprises were situated in an unfavorable position in market competition. After taxation reform, a unified tax rate of 33 percent was applied to all enterprises regardless of their ownership nature.

Second, reforming circulation taxes. The original unified industrial and commercial taxes levied on foreign-funded enterprises were removed, and new circulation

taxes, including value-added, consumption, and business taxes, were established and applied to all domestic-funded and foreign-funded enterprises.

Third, reforming individual income taxes. For Chinese citizens, the part of personal income above 800 yuan per month is taxable; for non-mainland citizens, the part of personal income is that above \$550 per month. It is a six-tiered progressive taxation system. The tax rate for the bottom tier is 5 percent and for the top tier 40 percent.

Fourth, reforming other taxes. This included the imposition of land value-added taxes, securities transaction taxes, inheritance and gift taxes, and urban maintenance and construction taxes.

According to an official in the State Administration of Taxation, after the completion of the taxation reforms, China's industrial and commercial taxes will decrease from 33 taxes in the past to 17, and the tax structure will become more reasonable. This will be conducive to the establishment of a market economic structure.

The authorities repeatedly stated that taxation reform was just a structural adjustment. With the exception of a very small number of enterprises, the tax burden on enterprises would not increase. However, after the adoption of the new taxation system, the prices of many commodities increased immediately. Statistics show that in January, the prices of consumer goods in 35 large and medium-sized cities increased by 23.3 percent over the same period of last year. The prices of many commodities in Guangdong increased by 22 to 39 percent over the same period of last year. Some enterprises in Fujian even added a 17-percent tax to the enhanced prices. Ordinary people were naturally discontented with this situation, and complaints could be heard everywhere.

According to a survey, the recent price hikes were mainly attributed to two reasons. First, some tax payers did not completely understand the new taxation system, and thought the value-added taxes meant that an amount equal to 13 percent or 17 percent of original prices would be added; and some even thought that a 17-percent value-added tax would be levied on every link of commodity circulation. Second, some tax payers took advantage of this opportunity to reap higher profits by raising prices.

While facing the situation of price hikes, the tax department has more clearly explained the new taxation system, and in late February, the State Planning Commission and the State Administration of Taxation jointly issued a "Circular on the Necessity of Keeping Prices Stable After the Reform of the Taxation System" which stressed: "The difference between purchase prices and sale prices (calculated according to the current tax-included prices) for all consumer goods and producer goods (including chemical fertilizer, pesticide, and other farm production materials) must be kept unchanged in all wholesale and retail links. All taxes will be levied within the difference rate. No enterprise and unit can

expand the difference rate without authorization." The circular also announced: "Severe disciplinary action should be taken to immediately correct the practice of changing the prices of commodities subject to prices fixed by the state without the approval of the price control department and the practice of raising prices without authorization in order to reap higher profits by taking advantage of taxation reform or doing this because of misunderstanding the new taxation system."

Because the price hikes were not checked, the government then issued another decree, ordering that shops in the whole country must sell goods at prices approved by the authorities; otherwise, they may be fined up to 10,000 yuan. Then, the government announced that price controls will be exercised on 24 commodities which are people's daily necessities, and organized inspecting personnel to check shops in order to stabilize prices in the shortest possible period of time.

XINHUA Views Implementation of Tax Reform

OW0303125994 Beijing XINHUA Domestic Service in Chinese 0121 GMT 27 Feb 94

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 27 Feb (XINHUA)—China has launched a reform in industry and business tax system in an all-round way, with turnover tax and income tax as the main contents, since 1 January. The new tax system has been implemented for nearly two months to date; judged by situations in various localities, the new tax system has smoothly entered a course of normal operation and has basically undergone a stable transition.

Following the passage of the new individual income tax law by the National People's Congress Standing Committee on 30 October 1993, the State Council successively promulgated six sets of interim regulations on the collection of value-added tax, consumption tax, business tax, institutional income tax, incremental tax on land value, and resource tax. Until now, except for incremental tax on land value, regulations or rules for the implementation of the interim regulations governing six other taxes have been promulgated and enacted. The State Council recently issued a circular deciding to cancel market transaction tax, livestock transaction tax, special tax on fuel oil, bonus tax, and regulatory tax on wages, and delegating the rights of collecting taxes on slaughtering animals and banquet taxes to local authorities. This indicates that the major parts of China's general tax reform package, particular the reform measures for main categories of tax, have all been released. The reform of financial and taxation system is the focus of China's current reform package as a whole, and tax reform is the most important part in the reform of the financial and taxation system. The smooth implementation of the new tax system has laid a firm foundation for stepping up the establishment of a socialist market economic structure in China.

The present tax reform is an overall, comprehensive, and structural reform. It involves the readjustment of interests for every enterprise and individual; therefore, it is more difficult, has more contradictions, and may involve great risks if it is not handled properly. The CPC Central Committee and the State Council have attached great importance to tax reform. Leaders from the State Council have personally taken charge of this task and have given many important directions. To ensure a smooth implementation of tax reform, cadres, staff, and workers of taxation departments at all levels have done a great deal of work. Since the beginning of October 1993, taxation organs at all levels have launched various forms of training for the broad masses of taxation cadres and factory directors, as well as enterprise managers, finance and accounting personnel, tax-handling persons, and even persons in charge of marketing and purchasing, so that the overwhelming majority of taxation cadres and enterprises will understand the importance of current tax reform and fundamentally grasp its major contents and operating points.

Except for the great concern from the CPC Central Committee and the State Council, leaders of all localities and departments have also shown full concern over and support for tax reform. Principal leaders of many provinces, municipalities, regions, and departments have made statements to publicize the new tax system and demanded that their subordinate departments coordinate the implementation of the new tax system. In a "national taxation propaganda day" campaign organized by the State Administration of Taxation on 23 January, tens of thousands of taxation cadres and enterprise finance officers and accountants around the country, led by local party and government leaders, went to the streets to publicize the tax law and offer consultation services to the public. Meanwhile, to successfully carry out the new tax system and resolve all kinds of problems in a timely manner, the State Administration of Taxation has given more directions and strengthened the management—in nearly the past two months since the beginning of the year, it has issued some 60 documents and fax messages of various sorts and held two national telephone conferences with the participation of taxation directors at and above the county level to directly convey relevant guidelines and requirements to grassroots taxation bureaus, thus making sure government decrees go down to all parts of the country without obstruction.

There are several important indicators to tell if the tax reform is a success: Whether the reform causes fluctuations in commodity prices and significant price hikes; whether revenue grows steadily or slides; whether a great quantity of forged special vouchers for value-added tax and the chaos of tax evasion through issuing vouchers is revealed; and whether the reform produces positive or negative influences on production.

—Reviewing the situation of implementation over the past two months, commodity prices, the most troublesome problem, did not fluctuate or rise greatly because

of the tax reform. The irrational sales of electrical appliances and other commodities, caused by a misunderstanding that consumption tax is an additional tax added to current commodity prices, soon passed after an explanation given through propaganda. After the introduction of the value-added tax, some people misunderstood the 17-percent tax, which was excluded from the commodity price, as an additional tax added to the price already including tax. After repeated explanation by taxation organs and intensive checks by departments concerned, this problem has been basically cleared and corrected.

—The revenue still maintains a trend of higher growth. By 20 February, the state's revenue from industry and business taxes amounted to 40.7 billion yuan, up 27.3 percent over the same period last year.

—Generally, the institution of new tax system did not adversely influence production and circulation; industrial production still grows rapidly. According to statistics of the State Administration of Taxation, the country's industries at and above township levels achieved 290.3 billion yuan in total output value in January, up 33.2 percent over the same month last year. After the extensive launch of value-added tax, many small-scale taxpayers have encountered some problems in their production and operations during a certain period of time, but taxation departments swiftly took effective measures to correct and resolve the problems.

—The special vouchers for value-added tax were all in place before 1 January. No big problems occurred in the process of printing, delivery, distribution, and application. Moreover, improvement has been made to the vouchers' columns, size, and anti-forgery mark in line with actual conditions; at the request of enterprises, septuplicate vouchers are now available in addition to the quadruplicate ones. The State Administration of Taxation also decided that anti-forgery vouchers unitedly printed by the banknote printer be used across the country beginning 1 May to forestall the emergence of counterfeit vouchers.

It can be said that all walks of life and most enterprises have greeted the new tax system quite comfortably; foreign investors in China have dismissed their apprehensions because their tax burden did not become heavier following the implementation of the new tax system.

However, we should also be aware that despite the fact that new tax system has been launched for nearly two months, some unavoidable frictions still exist in the course of transferring from the old tax system to the new one. Therefore, in a recent interview with this reporter, Jin Xin, deputy director of the State Administration of Taxation said: The achievements we scored so far are merely preliminary ones, which are not enough to demonstrate that the new tax system is a complete success. Many new problems and conditions have yet to fully

emerge; therefore, we should remain sober-minded and study and handle all kinds of problems in time.

It is noteworthy that China's current tax reform is aimed at establishing a taxation system that is suitable to a socialist market economic structure, conforms to international practice, and tallies with China's actual situation. The guiding ideology of the reform is: unifying tax laws, imposing taxes fairly, streamlining the tax system, dividing power rationally, rationalizing distribution relations, and standardizing distribution methods. The design of the reform package has upheld the basic principle of keeping the general level of the tax burden unchanged. However, because of the uneven levels of tax burden under the original tax system, it is impossible to keep every taxpayer's vested interests unaffected after extensively adopting the value-added tax system. We demand that all sectors concerned keep the overall situation in mind, support the implementation of a new tax system from the perspective of overall and long-term interest, and never encourage price hikes just because some enterprises have a heavier tax burden. We should be aware that tax reform is the foundation for establishing a socialist market economic structure; once the tax reform is put in place and reaches the expected results, it will greatly step up the pace of establishing a socialist market economic structure. Thus the reform is in the interests of us all from a long-term view.

Bank To Expand Number of Credit Card Accounts
HK0403074494 Beijing CHINA DAILY in English 4 Mar 94 p 2

[By staff reporter Zhang Yuan: "Bank Plans To Expand Credit Card Business"]

[Text] More Chinese will be using credit cards if the plan by the leading savings bank succeeds.

The Industrial and Commercial Bank of China announced yesterday it will vigorously expand its credit card business this year.

Chen Xiaoyan, director of the bank's credit card department, said the goal is to increase the number of its Peony credit card holders from 2 million to 3.5 million.

And the bank expects holders to spend 100 billion yuan (\$11.49 billion) with the cards—twice last year's figure.

The number of stores accepting the card is to expand to 30,000, 5,000 more than last year.

Services will also be expanded in railroad stations, hospitals, securities markets and other facilities, Chen said.

To support the plan, the bank has decided to speed up efforts to unify and standardize computer systems at all its branches.

The effort will not only make operations more efficient but also make life easier for card holders, Chen said.

With a unified computer network, Beijing card holders, for instance, will be able to draw cash from automatic teller machines (ATM) or charge goods at stores in Guangzhou.

At present, the bank has more than 600 ATMs nationwide, mainly in large and medium-sized cities.

The bank also plans to co-operate with the Ministry of Internal Trade to open more credit card services in department stores this year.

Last year the bank's credit card business grew rapidly. The number of card holders and transaction volume increased 100 percent and 455 percent respectively over 1992.

At present, the bank's 2 million card holders account for half of the country's total.

The People's Construction Bank of China, the Bank of China and the Agricultural Bank of China have issued their own credit cards. Internationally known Master Card and Visa have also entered the Chinese market in co-operation with Chinese banks.

Credit cards made their debut in China in the mid-1980s and have become a status symbol, especially in the coastal and southern areas of the country.

Because the "plastic money" also helps banks attract more deposits and reduces the flow of bank notes, the Chinese government has encouraged their development.

Chen predicted China will have 7 million card holders this year, nearly twice the number last year.

Campaign To Provide Better Housing Conditions in Beijing

OW0303123394 Beijing XINHUA in English 0722 GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—Beijing, China's capital, is making headway in housing construction, with billions of yuan earmarked for improving residents' living conditions.

According to a top municipal government official, the city has spent 26 billion yuan in building residential quarters over the past 15 years, with newly-built apartments totalling some 80 million square meters in floor space, six times the amount in 1949 when New China was born.

Beijing Vice-Mayor Zhang Baifa, in a report delivered at a meeting on housing, said that more than 1.3 million families have moved into new homes since the start of China's reform and opening to the outside world.

The average living space per capita increased to 8.3 square meters in 1993 from 4.55 square meters in 1978, the official said.

The pace of urban housing construction has quickened since the 1980s. To date, more than 110 residential areas have been built in urban districts, and 69 old and dangerous housing zones have been rebuilt.

The official added that the current housing construction drive has greatly improved both the citizens' living conditions and the urban environment.

He said that the city has broken ground for about 10,000 square meters in newly-designed "comfortable apartment buildings", with the aim of improving housing for people with low incomes.

But, he noted, there are about 200,000 households still living in very bad quarters, with an average living space of no more than four square meters.

The official revealed that the city's goal for this year's residential construction is 6.55 million square meters.

He urged government departments and leaders at all levels to pay close attention to the work and to mobilize the broad masses to promote housing construction and reform.

Market Survey Company Goes International
OW0303131894 Beijing XINHUA in English 1032
GMT 3 Mar 94

[Text] Beijing, March 3 (XINHUA)—A non-governmental horizon market survey and analysis company has opened a subsidiary in Los Angeles in a move to expand its business worldwide.

The subsidiary is the first of its kind ever opened by a Chinese investigation company in other countries.

Yuan Yue, president of the Beijing-based Horizon Company, who has just returned from the U.S., said that his company's subsidiary in Los Angeles will help Chinese businesses investigate the credibility of American investors in China and assess the value of these investors' equipment.

"Our subsidiary will also make feasibility studies of investment projects in America and conduct U.S. market surveys for Chinese clients," he said.

The company can also investigate the credit ratings of Hong Kong and Taiwan investors in the mainland and conduct market surveys for mainland clients, he added.

Shortly after its founding in September 1992, the company conducted a survey of the growth of major private companies in China, together with the All-China Federation of Industry and Commerce and other organizations.

The company became known all over China for the survey of 100 private companies in 15 provinces, each with assets exceeding one million yuan.

By the end of 1993, the company had conducted 46 market surveys and polls and opened subsidiaries in the big cities of Nanjing, Shenzhen, Dalian and Chengdu.

According to President Yuan Yue, the investment projects for which the company has made feasibility studies involve a total investment of 200 million yuan.

"Expanding our business worldwide is our company's goal," he said.

To this end, it has forged cooperative relations with market survey companies in Hong Kong, Singapore, Switzerland and Japan, he said.

It is now discussing with a number of American universities and survey companies the possibilities of conducting market surveys in China, which will cost hundreds of thousands of U.S. dollars.

The company has decided to invite foreign experts to serve as its advisers on technological progress in a bid to better serve overseas customers, he said.

XINHUA Views Impact of New Minicar
OW0403040294 Beijing XINHUA in English 0327
GMT 4 Mar 94

[Text] Changchun, March 4 (XINHUA)—A car of their own is the dream of numerous Chinese families. And quite understandably, it is the aim of China's car manufacturers to make this dream come true.

The dream seems to have advanced a step closer to the truth, as a minicar, named "Haishen", or Poseidon, was developed just before the traditional Chinese New Year in early February, in this capital of northeast China's Jilin Province, where China's first automobile was produced.

The four-seat minicar, with a maximum speed of 80 kph, was developed by the Haishen household car institute.

To put the minicar into mass production, the North Haishen Automobile Stock Company will be established later this year. Li Weidong, the chief initiator, said the company plans to produce 1,000 Haishen minicars in 1994 and 10,000 in 1995.

The prototype of Haishen was produced here last August by senior researchers and engineers with the Changchun Automobile Research Institute.

Though it is designed to be China's first car for common people, and meanfully named as "Sankoule", or "a happy three-member family", an appropriate name with regard of China's one-child policy, some people refuse to admit it to be a car, saying that it is merely a motorcycle with a top.

In fact, Haishen is not the first, nor the only attempt by the Chinese automobile industry to produce a car for the ordinary Chinese residents.

The idea was first put forward by the Xiali Automobile Company in Tianjin. However, its 90,000-yuan price militated against its promotion strategy.

Meanwhile, a plant under the No. 1 Automobile Factory of Jilin has developed a four-seat minibus and has put it into small-scale production.

The Nanjing Automobile Plant of Jiangsu Province, east China, developed a three-seat minicar named "little squirrel". And in southwest China's Sichuan Province a minicar is to be produced by a former defense factory.

Besides being small, all these minicars share the same traits in that they consume less gasoline, and unlike their more sophisticated counterparts, all their parts are China-made.

Their biggest common point, however, is that they all strive to be as cheap as possible, so that they can be acceptable to the ordinary people.

At present, the Jilin minibus sells at 40,000 yuan, the Haishen at 30,000 yuan, and the "little squirrel", the cheapest, at 5,000 yuan.

But doubts and worries continue about whether they are genuine cars, how to improve their quality and how they can be put into mass production.

However, some experts hold that the minicar is probably a must if the Chinese automobile industry, the sector with the deepest impact on the centrally-planned economy, is to step into the market economy. They even hint that minicar will possibly bring the prosperity that the automobile industry has waited for so long.

The minicar—is it a dream coming true?

Household Contract System Birthplace Visited in Anhui

OW0303014794 Beijing XINHUA in English 0108
GMT 3 Mar 94

[Text] Hefei, March 3 (XINHUA)—"Spend Spring Festival in the first month of the year and begin farming in the second month". So goes a saying along the Huaihe River flowing through east China's Anhui Province.

However, the reality proves that the saying is getting old.

Just days after the Spring Festival, which fell on February 10 this year, this correspondent paid a visit to Fengyang County in Anhui.

In 1978, 19 households of farmers of Xiaogang Village in southeastern Fengyang divided the farmland between themselves and initiated the now-renowned household

contract system in China. That pioneering contract, which carried the finger-prints of the villagers, is now kept in the Chinese Revolutionary Military Museum.

The mist of firecrackers still hung over the county. Farmers could be seen watering and spreading fertilizers in the fields which were turning green. Now and then vehicles carrying fertilizer moved past on country roads. Farmers went to the county for buying seeds and farm tools.

Early in the morning this correspondent arrived at Guangou Township of the county. It has just dug seven pools and transformed more than 100 ha of low-yield farmland.

More than 60 young men were studying at "green certificate" classes, which teach agricultural knowledge. Party Secretary Jin Xuejin and township Magistrate Hu Baoping were busy distributing seeds imported from Japan and Taiwan.

In a village called Chenyu Village, old men and children were sitting in sunlight and few grown-ups were to be seen on the streets.

This correspondent met 40-year-old villager Zhang Qiliang near a school. He said excitedly that farmers of Fengyang had tasted the sweetness of the market last year. Quality rice was sold for a yuan per jin (500 g), which meant that every family in the village earned some 1,000 yuan more last year.

With a few words, he said goodbye and went to plant vegetables.

In Linhuai Township, a lad squatted by the roadside studying a brand-new two-wheel tractor which he had just bought for 3,600 yuan. He contracted some land from those who have left the village to work in larger cities and his cattle could not cope with all the field work.

In Xiaogang Village, which was lauded as the birthplace of the rural reform in China, party Secretary Yan Junchang said that the majority of the villagers still cling to the land and the market reform of agriculture and grain price increases greatly heightened the people's initiatives.

In 1993, the village saw a per capita added income of over 300 yuan. The secretary's family collected some 25 tons of grain last year.

Fengyang County was well-known as a poor place in history and it is now among the top 100 grain producing counties of China. In 1993, the per capita income of farmers increased by 55 percent over the previous year.

Sichuan Quickens Resettlement Pace for Three Gorges Project

OW0103095494 Beijing XINHUA in English 0919
GMT 1 Mar 94

[Text] Chengdu, March 1 (XINHUA)—Southwest China's Sichuan Province has invested 100 million yuan in the resettlement program for the Three Gorges Project last year.

About one million local residents need to be moved out of the area where a reservoir will be built on the middle reaches of the Chang Jiang River, according to experts involved in the project.

Preparations for the resettlement of local residents in the province started in 1985, and the pace of evacuation was quickened last year.

The local government has also paid close attention to the rebuilding of the towns and major enterprises that have to be relocated.

The present stage of resettlement has focused on land development. A total of 1,865 hectares of land was used for the resettlement in 1993 and about 2,000 hectares of arid land was turned into irrigated farmland.

And now in the province, a range of newly-built cities and towns with good roads, housing, sufficient drinking water and electricity are being built for the resettled to enjoy a better life there.

East Region

Anhui's Commercial System Meets Goals for 1993

OW0103213094 Hefei ANHUI RIBAO in Chinese 9
Feb 94 p 4

[Unattributed report: "Anhui's Commercial System Attains Goals Set for 1993"]

[Text] Last year, Anhui's commercial system achieved new results by changing its thinking, deepening reform, and exploring new ways in expanding its business. In accordance with the statistics, the total amount of purchased commodities in 1993 reached 10.2 billion yuan, a 20-percent increase over the previous year. The amount of commodities sold in 1993 was 11.6 billion yuan, a 16.5-percent increase over the previous year.

The commercial system has comprehensively fulfilled its goal set for 1993. In light of the goal set by this term of the government to "achieve great economic development in three years and enter a higher stage of economic development in five years," the commercial system has conscientiously carried out its tasks. In the past year, it has overfulfilled its assigned goals in four areas: Direct retail sales increased by 16.8 percent; after subtracting for policy factors, actual profits reached 43.46 million yuan; more than 1,300 small state-owned enterprises are run by civilians, accounting for 44.2 percent of the total; and 10 large commercial networks, including the Shangzhidu and Wuhu commercial buildings which are to be completed before the end of this term of the government, began construction.

Reform of the commercial system is deepening. First of all, more than 600 large and medium-sized commercial enterprises have consolidated and improved their deregulation reforms and have changed their management mechanisms, thus accounting for more than 70 percent of all enterprises. Second, the reform of the shareholding system has taken an initial step. Eight enterprises have been approved to implement the shareholding system (the Hefei and Wuhu Department Stores have been reorganized into a limited liability stock company). Another 18 companies are now being set up. Third, enterprises are accelerating their structural reform. The provincial commercial system has established seven enterprise groups, merged seven companies, and auctioned off 18 small enterprises. Fourth, according to the principle of restructuring, changing product lines, and leasing out, more than 1,300 state-owned small enterprises are run by civilians, accounting for 44.2 percent of all enterprises in the same category. Fifth, the reform of commercial administration has been further deepened, thus paving the way for the reform of government organizations.

Marked achievements have been made in building commercial networks. In recent years, localities in the province have seized opportunities and have accelerated the construction of commercial networks. They have tried to

pool funds through many channels and in various forms including loans, issuing bonds, the holding and buying of shares, and joint ventures. In 1993, the provincial commercial system has built, rebuilt, and enlarged more than 900 commercial networks, with a total floor space of more than 900,000 square meters. The total investment in the project has reached 500 million yuan. Among these commercial networks, 18 have more than 10,000 square meters of floor space.

The provincial commercial system has focused on stabilizing the market and bringing into play its role as the main channel. In light of the relatively great changes in the market since last August and particularly during last November, the provincial commercial department has concentrated its efforts on commodity supplies for festival seasons. At the beginning of last December, the department began to arrange commodity supplies for festival seasons. In mid-December, the department held a meeting attended by directors of commercial bureaus at the prefecture and city level and set concrete requirements for arranging the market supplies for the Spring Festival. On the eve of the 1994 Spring Festival, the department sent 12 people to inspect the work in four areas. All localities actively organized commodity resources to ensure the supply by the market. They also adopted many price-control measures, including limiting the prices of important commodities and goods in great demand, supervising and controlling price fluctuations, and establishing a reserve system. The situation of market supplies was rapidly improved, thus bringing into play the state-owned commercial sector's role as a main channel.

Fujian's Steps Up Construction of Haicang Investment Zone

OW0103065794 Beijing XINHUA in English 0634
GMT 1 Mar 94

[Text] Xiamen, March 1 (XINHUA)—The Haicang Investment Zone in Fujian Province's Xiamen, one of China's five special economic zones, reported the beginning of three key construction projects as well as the establishment of more corporations.

The construction of the first phase of the Haicang port, involving a total investment of some 406 million yuan, is aimed at building a container berth of 30,000 dwt and a berth for bulk cargo with a planned handling capacity of some 500,000 tons annually.

Another construction project begun in Haicang last Saturday [26 February] is the first phase of the Xinyang industrial park.

With a total area of some 6.7 sq km, the industrial park will attract domestic and overseas businesses involved in such sectors as computers, plastics, chemicals and machinery electronics.

Meanwhile, three giant firms, including Xiamen "Huili" Investment and Development Ltd., the Xiamen

"Dazhong" Taxi Company and "Yongsheng" Container Ltd., a Sino-Hong Kong joint venture, went into operation last Saturday in this China's largest Taiwan-funded development zone.

With favorable natural and geographic conditions, the zone, opened to the outside world in November 1993, is expected to become the third largest development zone after Pudong area in Shanghai and Yangpu in south China's Hainan Province.

To date, the zone has invested nearly 800 million yuan to upgrade its infrastructure and has worked out a series of preferential policies in a bid to attract more overseas investors.

Fujian Takes 'Effective' Pollution Control Measures

OW0103112994 Beijing XINHUA in English 0816 GMT 1 Mar 94

[Text] Fuzhou, March 1 (XINHUA)—Southeast China's Fujian Province has taken effective measures to clean up pollution while boosting its economy.

Last year saw Fujian's gross social product quadruple, fulfilling its goal set for the end of this century seven years ahead of schedule, and its industrial output value rise by 48 percent over the previous year.

According to Yang Mingyi, director of the provincial Environmental Protection Bureau, the province removed, closed down or merged 83 industrial enterprises discharging heavy pollution last year. In addition, it spent more than 50 million yuan on transforming 265 projects.

The bureau approved the building of more than 100 projects, which will install pollution-control facilities and release little pollution upon completion.

To help rural industrial enterprises solve pollution problems, the Environmental Protection Bureau has set up the "Dabao Industrial Pollution Control Center" in Shishi, a boom town in southeast Fujian.

The director noted that Fujian will focus on pollution treatment at 89 key state enterprises and nine units discharging serious pollution this year, while urging overseas-funded and rural industrial enterprises to exert more efforts to clean up pollution.

Jiangsu Province Abolishes 74 Administrative Fees

OW0303185694 Nanjing XINHUA RIBAO in Chinese 9 Feb 94 p 1

["Third Batch of Abolished Administrative Fees Announced"]

[Text] On 7 February, the General Office of the provincial people's government issued a circular announcing

the abolition of 74 fees for administrative and functional services. This is the third batch of fees abolished by the province.

The circular points out that the competent provincial departments and the departments under the city and county governments have, after conducting self-investigations, abolished some fees. The 74 items promulgated this time are common fees selected by the province. Financial, price, and supervision departments at all levels must conscientiously exercise supervision over the enforcement of this circular and thoroughly investigate departments or units that continue collecting abolished fees in violations of law and prohibitions. In case of gross violations, the leadership concerned and personnel directly involved shall be investigated for administrative responsibility.

New Tax System Functioning Normally in Jiangsu

OW0103152194 Nanjing Jiangsu People's Radio Network in Mandarin 2300 GMT 23 Feb 94

[By station correspondents Li Zhaohui and Xu Yingxiang; from the "Provincial News Hookup" program]

[Text] The province has determined the focuses of its taxation work this year—to attain two objectives of struggle. One objective is to ensure the full and smooth implementation of the new tax system, the other being to ensure a steady growth in tax revenues.

The provincial taxation work conference, which concluded yesterday [23 February], revealed that the new tax system has been functioning normally on the whole (?without increasing the overall burden on enterprises) since the province began implementing it more than a month ago. While the provincial tax revenue in January was up 80 percent over the same month last year, commodity prices did not fluctuate violently because of the tax reforms.

The provincial tax bureau demanded that the vast number of taxation cadres in the province conscientiously take good charge of the study, propaganda of and training in the new tax system, as well as fully and correctly implement the new tax system. The cadres should also earnestly strengthen the administration and use of the special receipt for value-added tax and further do a good job in the [words indistinct] of value-added tax. Taxation departments at all levels should earnestly and properly track and supervise the implementation of the new tax system.

Vice Governor Yu Xingde attended and addressed the meeting.

XINHUA Reports Qingdao's Foreign Trade

OW0103113094 Beijing XINHUA in English 0733
GMT 1 Mar 94

[Text] Qingdao, March 1 (XINHUA)—Qingdao, the largest port city in east China's Shandong Province, is succeeding in its attempt to develop its foreign trade by deepening reform and improving its investment climate.

Last year Qingdao's import and export volume was 1.388 billion U.S. dollars-worth, 56.7 percent higher than in the previous year.

Its export volume was over one billion U.S. dollars-worth in 1993, 50.9 percent more than in 1992.

The city government has made special efforts to attract overseas funds.

Early last year Mayor Yu Zhengsheng led a delegation to Hong Kong where he announced a package of projects available for investors.

Later, Qingdao sent missions to countries including the United States, the Republic of Korea (ROK), Singapore, Russia and Germany for the same purpose.

At the same time, foreign trade companies in Qingdao have reformed and readjusted their operation and management methods in their accounting, labor and distribution systems.

Various contract forms have been set up by companies, linking enterprise efficiency with employees' incomes.

Experiments in joint-stock systems and setting up foreign trade groups engaging in industrial, agricultural and technical production have been made in this port city in a bid to expand markets internationally.

Light industry, food and edible oil, and textile companies have set up permanent offices in Russia, the ROK, Japan and Argentina. The city now has over 30 sales agencies overseas.

Last year 17 trade and industrial enterprises in the city each exported over 10 million U.S. dollars-worth of goods.

Qingdao now has over 300 foreign-funded enterprises which are export-oriented.

Qingdao exports mainly to Hong Kong and developing countries in Latin American, African and Asian countries.

Last year its exports to Japan reached 230 million dollars-worth, exceeding the value of exports to Hong Kong and making Japan Qingdao's biggest foreign trade partner.

The year 1993 also witnessed a big increase in foreign investment. Some 1,629 foreign-funded projects were approved by the city, with contracted foreign funds totalling 1.85 billion U.S. dollars.

Some 68 projects approved in 1993 each had a total investment exceeding 10 million U.S. dollars, 66 percent more than the average in 1992.

The investors are from 41 countries and regions. The investment from Taiwan, the ROK, Singapore, and the United States increased by 166 percent, 167 percent, 597 percent and 13 percent, respectively.

By the end of 1993 Qingdao had approved 2,420 foreign-funded enterprises with total contracted capital of 3.32 billion dollars, and the actual use of foreign funds was 790 million U.S. dollars.

Last year 581 foreign-funded firms went into operation in Qingdao, bringing the total to 847. They made a total export volume of 460 million U.S. dollars-worth and made profits of 210 million yuan (about 25 million U.S. dollars).

In the field of technical co-operation Qingdao signed 112 contracts with other countries on construction projects and labor service. The contracted volume was 49.745 million U.S. dollars.

The city now has 1,878 workers working abroad. It has invested 3.218 million U.S. dollars to set up 13 firms overseas.

A total of 120 contracts on importing technologies and equipment were signed last year with a contracted value of 72.934 million U.S. dollars.

Last year the city received 7,072 foreign business people, and sent 1,336 trade and economic groups abroad.

Shandong Secretary Discusses Township Enterprises

SK0403054594 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 2 Mar 94

[Text] The provincial party committee and government held their eighth on-the-spot work conference at the township enterprise bureau on the morning of 2 March. Jiang Chunyun, secretary of the provincial party committee, emphasized at the conference the need to seize the opportunity to deepen reform, face up to challenges, maintain the good development trend of township enterprises, concentrate efforts to upgrade their quality and level to a new height, and make township enterprises, a new force, come to the fore for the second time.

Attending the conference were Zhao Zhihao, deputy secretary of the provincial party committee and provincial governor; Li Chunting, deputy secretary of the provincial party committee and provincial vice governor; Chen Jianguo, standing committee member of the provincial party committee and provincial vice governor; and responsible persons of pertinent provincial departments.

Shandong's township enterprises continued to maintain the trend of robust development and created 482.5

billion yuan in output value last year. The industrial output value they created was 359.3 billion yuan, accounting for more than 60 percent of Shandong's total.

Jiang Chunyun said: Shandong's township enterprises registered the fastest and best development rate last year. Compared with advanced provinces and municipalities, however, we still lag rather far behind in many aspects. We should remain clear-headed to note that the endeavor to accelerate establishment of the socialist market economy system not only provides a good opportunity and opens up a vast world for township enterprise development but also brings new challenges. All localities should continue to regard township enterprise development as the strategic priority of Shandong's economic development, add impetus to reform, and make township enterprises more vigorous in development. In the reform of township enterprises, we should greatly extend the shareholding system in compliance with the requirement for establishing the socialist market economy system; bring property right relations into better balance; achieve success in the merge and cooperation between the enterprises of different ownerships and trades; promote lease, merge, and auction; and do a good job in the organization and management of enterprise groups. In deepening the reform of township enterprises, we should put it in the most important place to emancipate the mind, seek truth from facts, and change ideas; embrace as soon as possible the new concepts and new ideas compatible with the socialist market economy; be brave in exploration and active in pioneering; and create a new advantage and new pattern of township enterprises by deepening reform.

Jiang Chunyun emphasized: We should further clarify the guiding thought and truly shift the work focus of township enterprises to the improvement of economic efficiency. We should pay close attention to weak links to facilitate township enterprises' development of the export-oriented economy and the tertiary industry. We should further improve the investment climate, attract foreign funds, and develop the three types of foreign-funded enterprises. Geared to the world market, we should broaden our field of vision, make friends with others extensively, and bring in projects and capital from abroad. We should adopt preferential policies and feasible measures to encourage and guide more enterprises to establish plants and offices outside the country and outside the province in order to directly participate in the competition of the world and domestic markets.

Shanghai Expands Employment Service Market
OW0403074094 Beijing XINHUA in English 0711
GMT 4 Mar 94

[Text] Shanghai, March 4 (XINHUA)—Anyone who wants a job or wants to change jobs in this, China's largest economic center may go to a labor placement center.

The center consists of 379 labor service organizations located in different streets, towns and rural parts of the Shanghai area.

Besides recommending jobs, these organizations offer technical training courses, unemployment insurance and consultancy services.

By the end of last year Shanghai had 400,000 contract workers, accounting for 12 percent of the total employees in the city. Last year the departments concerned in Shanghai granted unemployment benefits and medical allowances totalling 77.25 million yuan to 831,000 people.

The city set up its first job-recommendation office in 1991. By the end of last year it had 20 official centers of this kind.

The past two years have seen these offices receive requests from more than 2,000 enterprises and organizations, which wanted to employ qualified people, and 120,000 people who wanted to find jobs. Some 30,000, or 25 percent, of the job seekers have found satisfactory jobs.

A survey shows that Shanghai's labor departments have set up 19 job-training centers involved in industry and the service trades. So far more than 110,000 people have been trained.

At present, there are 15,000 job-recommendation stations across the country.

Shanghai Stock Exchange Continues To Fall
OW0403025094 Beijing XINHUA in English 0138
GMT 4 Mar 94

[Text] Shanghai, March 4 (XINHUA)—The composite index of the Shanghai Stock Exchange plummeted to 734.49 points at the close Thursday [3 March], the lowest point in the past 14 months and a drop of 7.59 points from Wednesday.

The index stood at 739 points at the opening Thursday, but began slipping shortly thereafter. The exchange announced suspension of trading after the index hit a low of 728 points at 14:05.

Trading resumed 40 minutes later, with the index rising to 745 points before slipping again.

The index has plunged to Thursday's 734 points from 1,530—a drop of 52 percent—since the exchange entered a bearish market in February 1993.

Shanghai Planting Tree Belt
OW0403025594 Beijing XINHUA in English 0159
GMT 4 Mar 94

[Text] Shanghai, March 4 (XINHUA)—This, China's leading industrial center is planting a round-the-city tree belt to improve its ecology.

A local official said the tree belt, 97 km in length and 500 m in width, will cover parks, recreational and sports facilities, thus offering more green land for people to enjoy themselves.

The tree belt has been listed as one of the key projects to be undertaken by the municipal government this year.

The whole project will be completed early in the next century.

According to the plan, this populous city is striving to cover at least 15 percent of its space with green this year, averaging 1.4 sq m per capita.

Zhejiang Promotes 'Means of Production' Markets

OW0303130094 Beijing XINHUA in English 0638 GMT 3 Mar 94

[Text] Hangzhou, March 3 (XINHUA)—Zhejiang Province, which took the lead in setting up commodity markets in China, is promoting its markets for the means of production.

A survey shows that the province has about 1,000 markets specializing in labor service, information, technology and real estate.

By the end of last year, Zhejiang had established more than 4,000 commodity markets with annual transactions amounting to 65.1 billion yuan.

One example is a labor market consisting of 71 exchange centers and over 500 employment offices. It has helped more than 700,000 people to find new jobs over the past year.

The Hangzhou Enterprise Property Rights Exchange Center, which opened for service two months ago, has already admitted 10 enterprises as members.

With the encouragement of the provincial government, research institutions and scientists have set up more than 2,000 non-governmental research organizations, and 3,000 technology associations, in addition to eight technology markets.

The province concluded 150,000 contracts on technology transfer involving more than 700 million yuan last year.

Zhejiang Township Entrepreneurs Discuss New Tax System

OW0103204094 Hangzhou Zhejiang People's Radio Network in Mandarin 1000 GMT 24 Feb 94

[By reporter Song Zhengan; from the "810 News/Provincial News Hookup" program]

[Text] The provincial bureau for village and town enterprises called the chairmen of the board of directors and general managers of more than 20 key village and town

enterprises in the province to an informal discussion held yesterday and this morning on the new situations and problems currently facing the development of Zhejiang's village and town enterprises.

At this morning's informal discussion, Liu Xirong, vice governor and Standing Committee member of the Jiangsu provincial party committee, specially heard the speeches given by famous village and town entrepreneurs including (Lu Guangqiu) and (Chen Zhanghai) and spoke on the issues concerned.

The topic most frequently discussed by the village and town entrepreneurs at the meeting was the new situations and problems facing village and town enterprises after the state implemented the new tax system. Speaking on these issues, Vice Governor Liu Xirong pointed out: The tax reform is a major reform measure taken by the central authorities and is favorable to the overall development of the national economy. Village and town enterprises should support this reform. As for the current problems, he encouraged village and town entrepreneurs to further gain a clear understanding of the situation, seize the opportunity, deepen reform, and through such measures as clearly defining property rights relationships and implementing the cooperative shareholding system, to change operating mechanisms and vitalize their enterprises further, thereby making it possible for Zhejiang's village and town enterprises to continue their healthy, stable, and sustained development.

The policy research office of the Jiangsu provincial party committee, the provincial rural policy research office, the provincial finance department, and other relevant departments also sent personnel to the informal discussion.

Central-South Region

Guangdong Secretary Meets With Seven Consuls General

HK0103060294 Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 25 Feb 94

[Text] Yesterday afternoon, Provincial Party Committee Secretary Xie Fei and Provincial Vice Governor Lu Ruihua met in Guangzhou with consul generals of seven countries, specifically, Japan, Thailand, Australia, the United States, Malaysia, Vietnam, and Poland, as well as their respective entourages.

During the meeting, Secretary Xie Fei primarily briefed his guests on Guangdong's plan for expanding opening up in 1994. He said: One of the important tasks facing Guangdong Province in 1994 is to continually expand opening up to the outside world. In 1993, Guangdong Province absorbed a total of \$9.65 billion in foreign funds, accounting for one third of the total amount of foreign funds absorbed by the province over the past decade or so ever since reform and opening up.

Secretary Xie Fei stated: In the years ahead, Guangdong will try to annually absorb at least \$10 billion in foreign funds and will strive to create favorable conditions as well as a favorable environment for foreign investors. Secretary Xie Fei concluded: Guangdong represents a huge investment market. I sincerely hope that all consul generals who are present here today will contribute more to our bilateral economic cooperation in 1994.

Guangzhou Opens Video Securities Information System

OW0103035694 Beijing XINHUA in English 0238 GMT 1 Mar 94

[Text] Guangzhou, March 1 (XINHUA)—People in this capital city of south China's Guangdong Province can now get access to information on stock listings both in the office and at home, thanks to the recent opening of a video computer system.

With the help of linked-up computer terminals, people can make securities transactions directly on the computer system, and conduct various inquiries about important information from the stock exchanges in Shenzhen and Shanghai.

The system also provides news bulletins, train and plane schedules, and information on science and technology, culture, education, sports, commerce, trade, finance and medicine.

Shenzhen Taxi Drivers Strike To Protest Extra Licences

HK0403073694 Hong Kong SOUTH CHINA MORNING POST in English 4 Mar 94 p 1

[By Stella Lee]

[Text] Hong Kong people visiting Shenzhen this weekend may be forced to scramble for taxis as a strike by drivers looks set to continue. Ninety percent of the 10,001 taxis are said to be involved in the three-day strike, which was organised by a loosely-formed "union" and started yesterday.

Drivers are protesting against the Government's recent approval of an extra 2,000 taxi licences, a move bound to intensify competition. The drivers are also outraged that Public Security Bureau and People's Liberation Army officials often use threats to get free rides.

The strike went on quietly without any protests although public security officers were on standby. Many drivers said they were "just having days off". Violence was reported on the outskirts of the city, where the wind-screens of strike-breakers were damaged.

Nine trucks were deployed outside the Shenzhen Government building early yesterday morning to tow away any taxis trying to take part in a blockade.

Traffic in Shenzhen was unusually smooth although passengers had to wait slightly longer for taxis at the railway station.

"Even longer waiting time is expected on Saturday when more Hong Kong people visit Shenzhen. Hong Kong people account for about 50 per cent of our business," a striker said. Some drivers said 90 percent of the ranks supported the strike. But some taxi companies contacted denied any involvement. The Government appealed to drivers not to take part in the strike through radio broadcasts while some state-run companies threatened to sack strikers.

The strike went ahead although Shenzhen Vice-Mayor, Zhu Yuening, had held a meeting with representatives of the drivers on Wednesday to discuss how to improve the operation of the industry. A taxi driver who worked yesterday said he had not heard reports of violence against strike-breakers. "But, of course, I am afraid. They can smash your car windows by throwing stones while you are driving. Had it not been for my debts, I would have supported the strike." He said he was also "ordered" to do business by his taxi company.

One striker said: "Our business is made more difficult by the fact that some Public Security Bureau officers and soldiers often ask for a free ride. If we object, they will use force."

The strikers are expected to lose about \$1,000 business for taking part in the strike. But they said it was worthwhile as they wanted to vent their dissatisfaction.

Hainan Governor Returns From U.S. Visit

HK0203063894 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 25 Feb 94

[Text] A Hainan Provincial People's Government delegation headed by Governor Ruan Chongwu returned to Haikou by plane this afternoon after successfully concluding a visit to the United States. A delegation of Hainan Province entrepreneurs, which accompanied Governor Ruan Chongwu during his visit to the United States, also returned to Haikou on the same plane.

Du Qinglin, provincial party committee deputy secretary and people's congress standing committee chairman; Wang Xiaofeng, provincial party committee deputy secretary and executive vice governor; and Chen Yuyi, provincial party committee deputy secretary and Haikou City CPC Committee secretary, as well as persons in charge of various provincial departments concerned greeted Governor Ruan Chongwu and his entourage at Haikou Airport.

When interviewed by reporters at the airport, Governor Ruan Chongwu said: This time, we mainly visited Hawaii, a U.S. state with close relations with Hainan Province. In Hawaii, the two sides discussed ways and means of expanding bilateral economic cooperation in the future. We also briefed the U.S. side on Hainan's

latest developments, gave an account of those projects still awaiting foreign investment in Hainan, and expressed the hope that U.S. entrepreneurs and businessmen will come and invest in Hainan, thereby further expanding bilateral cooperation. The visit was a fruitful one during which the U.S. side expressed great interest in and is quite optimistic about Hainan's development.

Hainan Reports High Economic Growth Rate

OW0203004694 Beijing XINHUA in English 0013
GMT 2 Mar 94

[Text] Haikou, March 2 (XINHUA)—Hainan, the youngest province in China, reported a higher than average growth rate in 1993, provincial Governor Ruan Chongwu announced here today at the second session of the first provincial people's congress.

Last year, the province registered 20.4 billion yuan in gross domestic product, an increase of 22.8 percent over that of the previous year. Primary industry reported more than 7.5 billion yuan in added value, up by 10.5 percent; secondary industry 6.2 billion yuan, up by 51.6 percent; and tertiary industry 6.7 billion yuan, up by 15.3 percent.

Hainan's agricultural output value reached more than 8.8 billion yuan, up by 11.3 percent, a double-digit growth rate for the second year running.

The industrial sector produced an output value of 10 billion yuan, up by 38.9 percent and surpassing the agricultural output value for the first time since Hainan became a province in 1988.

In addition, Haikou, the capital city, topped the list of capital cities in China with 27.9 telephones per hundred people.

Over the past year, 3.5 billion yuan was put into construction of infrastructures and basic industries in the province, up by 1.1 billion yuan.

In 1993, 152 large-scale foreign investment promotion activities were held in the province, resulting in 3,106 contracts involving 6.4 billion U.S. dollars in contracted foreign funds, up by 81.1 percent over that of the previous year.

Hainan's foreign trade also increased slightly, reporting 900 million U.S. dollars worth of foreign trade commodities, up by 2.3 percent.

The island province reported a revenue of more than 2.9 billion yuan, up by 94.5 percent, the highest growth rate in its history.

By the end of last year, the province had a population of more than seven million and a natural population growth rate of 15.55 percent.

Hainan To Defer Collection of VAT on Foreign-Invested Land

HK0203071994 Hong Kong LIEN HO PAO in Chinese
28 Feb 94 p 2

[Report by reporter Wang Man-na (3769 2581 1226): "Hainan Will Not Collect Value-Added Tax for the Time Being"]

[Text] An official from Hainan Province disclosed to this newspaper that because Hainan takes tourism as a leading form of trade and aims at developing relevant tertiary industry, it will not consider collecting value-added tax [VAT] on the real estate developed by foreign investors this year. At the same time, its preferential policy of reducing and remitting taxes on other trades in which foreign investors are engaged will remain unchanged in the future.

According to this official, owing to the rich natural resources for tourism in Hainan, the province has taken tourism as a leading form of trade to bring along the development of tertiary industry in the past few years. The development of real estate is a prerequisite for boosting tourism, so when examining and approving real estate investment projects, the province did not include office buildings, auditoriums, hotels, and guest houses as a category in which construction is restricted. Instead, it regarded them as means of production in the hope that the development of real estate will contribute to boosting tourism. Since the exercise of macroeconomic regulation and control last year, the central authorities have withdrawn many landlocked provinces' funds for real estate investment in Hainan, investigated the excessively large scope of investment, and imposed sanctions on Hainan by banning domestic remittances for any investment project in the province. So far, such economic sanctions have not been lifted, but trade-related remittances have been relaxed only recently. Superficially, the central authorities forbid mainland banks to lend money to coastal areas, but in fact the economic sanction is applied only against Hainan. Moreover, the central authorities openly criticized Hainan by name for its excessively large scope of investment. The Hainan official believes that Hainan, being the youngest province in the country, has no backing among the central authorities, who therefore dare to bully only Hainan, but are afraid of offending other major provinces or cities.

As Hainan is the largest economic region in China, the central authorities have provided it with many preferential policies and vested in it the power to examine and approve projects. Since 1 January this year, the separation of financial and taxation departments and the collection of the VAT on land have come into effect throughout the country. However, in light of the hint given by the central authorities that taxation policy in Hainan will not be changed, the province has no intention of levying the VAT on any real estate developed by foreign investors, as this practice will adversely affect the

national economic development of Hainan. The provincial government hopes that the property market in Hainan will boom. At present, a large number of real estate projects have had to be laid aside owing to the withdrawal of funds last year. The official added: At this crucial juncture, the province will not recall the land, but will let the original investors keep it so that they can develop it when "spring" comes.

This official continued: The Hainan Special Economic Region had very remarkable advantages in the past, but as the central authorities also practice preferential policies in the landlocked areas, such advantages have weakened accordingly. The greatest advantage of the province now is that the market economy system was being practiced there five years earlier than in other provinces in the country, so its basic framework has taken shape. In addition, the provincial government is bold in action and ready to take responsibility. It always has the interests of enterprises and investors in mind. In order to reflect the strong points of the special economic region, the provincial government has decided to continue practicing the preferential policy of reducing or remitting taxes on foreign-invested enterprises. In the meantime, the government will allow the existence of second- and third-hand property markets.

It has been learned that last year, Zhu Rongji intended to investigate and affix the local government's responsibility for the excessively large scope of investment in Hainan because the province originally planned to invest 10 billion yuan in infrastructural construction, though actual investment came to 17.5 billion yuan. Although the province has invested 21.7 billion yuan in capital construction over the past five years, infrastructure facilities in the province have been improved greatly. Therefore, when Zhu Rongji understood this, he praised the rapid development of Hainan instead of criticizing it. The province plans to invest another 20 billion yuan this year to improve the investment environment.

Hunan Secretary Addresses Congress Standing Committee

HK0103083494 Changsha Hunan People's Radio
Network in Mandarin 2300 GMT 24 Feb 94

[Text] The seventh meeting of the eighth provincial people's congress standing committee concluded in Changsha yesterday morning.

The meeting voted on and adopted the "Hunan Provincial Regulations on Enterprise Patents" and a series of draft documents and name lists for the forthcoming second session of the eighth provincial people's congress.

In accordance with proposals made by provincial Governor Chen Bangzhu, the meeting decided to remove Liu Huifang from the office of director of the provincial textile industry department and adopted other relevant personnel appointments and removals.

Yesterday's meeting was chaired by Liu Fusheng, chairman of the provincial people's congress standing committee, and attended by Dong Zhiwen, Shen Ruiting, Yu Haichao, Liu Yue, Zhu Dongyang, Wu Yunchang, Zhao Peiyi, and Pan Jizhi, vice chairmen of the provincial people's congress standing committee.

Wang Keying, provincial government executive vice governor; Zhang Shuhai, provincial people's procuratorate chief procurator; and other provincial leaders also attended the meeting as non-voting delegates.

Provincial party committee Secretary Wang Maolin attended the meeting at which he met with all of the members of the provincial people's congress standing committee and delivered an important speech in which he emphatically called on all comrades concerned to acquire an in-depth understanding of the important role played by the people's congress system in the country's political life and urged people's congresses at all levels in Hunan to fully understand the historical mission of local state power organs in the new situation and actively carry out work by seizing the initiative. At present, it is imperative to concentrate on the following three work aspects: 1) To step up local legislative work by focusing on economic legislation with an eye on building a socialist market economic structure; 2) to strengthen supervision over law enforcement and government work; 3) to build more competent people's congress organs and raise people's congress work to a new level.

Secretary Wang Maolin maintained that in order to strengthen supervision over law enforcement and government work, it is all the more necessary to perfect the existing supervision mechanism, clearly define key areas for supervision, and intensify supervision work at all levels. Moreover, it is also necessary to strengthen and improve CPC leadership over people's congress work.

Southwest Region

State Security Official Views Law Publication in Tibet

OW0403085894 Lhasa XIZANG RIBAO in Chinese 22 Feb 94 p 1, 3

["Article" by Li Hui of the Tibet Autonomous Regional Government's State Security Department: Further Study and Publicize the 'State Security Law'—Commemorating the First Anniversary of the Promulgation of the 'State Security Law' for Implementation"]

[Text] The "State Security Law of the People's Republic of China" was promulgated for implementation by Decree 68 of the president of the People's Republic of China after it was adopted by the 30th meeting of the Standing Committee of the Seventh National People's Congress. The first specialized law to safeguard state security since the founding of the People's Republic of China, it provides a strong legal guarantee and a powerful weapon in the struggle to effectively prevent and

check acts which harm state security, to safeguard state security, to defend the political power of the people's democratic dictatorship and the socialist system, and to defend and promote reform, opening to the outside world, and the socialist modernization drive. The law marks an important point in the bid to develop socialist democracy and improve the Chinese legal system, especially the state security legal system.

In the year since the law was promulgated for implementation, state security organs in Tibet, under the leadership of party committees, people's congresses, and governments at all levels, and supported and coordinated by procuratorial and judicial departments, press units, and other departments dealing with foreigners, have done a great deal of work in studying, publicizing, and implementing the law, thus achieving some results. First, attention has been given to organizing study of the law and adherence to it by state security police. In accordance with the plan drawn up by the State Security Department Party Committee, all police officers, on the basis of studying, discussing, and memorizing the legal provisions themselves, have sponsored classes over five terms to teach the "State Security Law." This law has also been incorporated with other training courses as part of the compulsory curriculum. Fairly good results have been obtained from providing rotational training for 90 percent of police officers in Tibet, and from providing memorization tests for police officers of departmental organs and prefectural and municipal state security departments and bureaus. Second, we have seized the opportunity to publicize and educate cadres of party and government organs, foreign affairs departments, and various enterprises and establishments about the "State Security Law." Over the past year, state security organs in Tibet have distributed more than 2,000 wall charts and more than 20,000 booklets on the law—some printed in both the Tibetan and Chinese languages—to various units, departments, prefectures, cities, counties, townships, and villages. Meanwhile, departmental leaders and leading comrades and law officers at all prefectural and municipal state security organs have sponsored more than 10 lectures on the law for more than 2,000 leading cadres and professionals working at various foreign affairs units and in prefectural, municipal, and county organs. Third, the initiative has been taken to get the support and coordination of press units, and public opinion has been exploited in vigorously publicizing the "State Security Law." The regional state security department, various areas, and city state security organs have universally used propaganda tools such as radios, televisions, and newspapers to publicize the law. City leaders have been invited to make televised speeches and answer questions by reporters. Television stations have broadcast serial dramas; articles have been published in local newspapers. The autonomous regional state security department has published more than 10 articles in XIZANG RIBAO and XIZANG FAZHI BAO, each of which has publicized the "State Security Law." XIZANG RIBAO has also achieved good results through sponsorship of a

competition on knowledge of the law. Fourth, enforce the law with specific targets in mind and intensify propaganda and education among specific individuals and units. A few leaders or functionaries at some units handling external relations have, instead of providing support and assistance to state security work, gone so far as to create obstructions. State security organs have educated them on the provisions of the state security law and these efforts produced immediate results.

After a year of study, publicity, and implementation of the "State Security Law," law-enforcement skills among state security cadres and police has improved to some extent. Awareness of state security has increased among leaders at all levels, among cadres and workers of relevant departments, and among the general population throughout the region. Many people believe that implementation of the "State Security Law" is not merely a matter of state security; rather, it involves every citizen and organization—"everyone is responsible for the security of the state." Some units have taken the initiative in providing support and coordination for law enforcement by state security departments. We must, however, be soberly aware that dissemination of the "State Security Law" has not been carried out evenly throughout the region. In areas that have not established state security organs, dissemination has been carried out on only a very limited scale. In particular, many cadres and people in rural and frontier regions have never heard of the "State Security Law" or have only just begun to understand its provisions. State security organs need to upgrade their law-enforcement skills and cadres and police in such organs need to enhance their awareness of their exercise of powers according to law. Supplementary rules and regulations for the implementation of the "State Security Law" need to be formulated or amplified. A handful of units and individuals have continued to disregard provisions of the "State Security Law." Lacking awareness of state security, they refuse to provide support or cooperation for state security work and go so far as to obstruct functionaries of state security organs from executing their official duties. Some refuse to provide information and some do not cooperate with state security organs in investigations, thereby severely impeding state security work. All these problems need to be solved with further efforts to study, publicize, and implement the "State Security Law."

The current international situation has provided our region with a favorable opportunity to promote reform, opening up, and the modernization drive. Blessed with economic growth, political stability, national unity, and social progress, Tibet is a scene of dynamism. We must, however, also be soberly aware that, in spite of this excellent situation, peace does not reign throughout the world. Some hostile forces outside have never ceased activities which jeopardize China's state security. They seek to obtain China's political, economic, scientific, and military secrets and they are trying to carry out infiltration, splittist activities, and sabotage one way or another. A handful of extremely anti-socialist elements at home

have joined with hostile forces from outside to intensify their efforts to sabotage the security and interests of the state. Because China has been at peace for so long, many are not vigilant about these sabotage efforts that jeopardize state security. Some even turn a blind eye—or confuse right with wrong—when it comes to sabotage activities carried out by spy agencies and hostile forces from outside, as well as splittist forces inside and outside the national boundaries. A handful of people, recruited by hostile forces from outside, are engaged in criminal activities to disrupt state security. In order to create a stable environment for reform, opening up, and economic construction; to advance state security work in such a way that it is subject to, and serves more effectively, the party's basic line and gives full play to its function as part of the people's democratic dictatorship on the covert front; and in the face of this acute, complex, and grim struggle, we must make the "State Security Law" an essential part of the second "five-year plan," disseminating knowledge of the law and conducting a region-wide study, dissemination, and implementation of the "State Security Law" in a thorough and sustained manner.

Formulating the "State Security Law" was a formidable undertaking; studying, disseminating, and implementing it will prove to be more challenging. A precondition for strict enforcement of the "State Security Law" law is that it be studied and mastered. This is a mandatory task for specialized organs at all levels; it is also something every citizen and organization should do. State security organs, party and government departments at all levels, mass organizations, enterprises and establishments in the region must educate and guide the vast ranks of cadres to study the "State Security Law" so that they clearly understand what sort of criminal act jeopardizes state security; they know a citizen's duty and right to safeguard state security; they keep firmly in mind the idea that "everyone is responsible for the security of the state"; they learn how to utilize the law as a weapon in fighting criminal activity that jeopardizes state security; and they conscientiously safeguard the safety, honor, and interests of the motherland. State security organs must strictly abide by the law in their law-enforcement activity. They should protect the citizens or organizations that have offered support and assistance to state security work; commend and reward those who have made major contributions; investigate to determine the culpability of those who have refused to fulfill their duty or obstructed state security work; and crack down hard on criminal activity that harms the security and interests of the state so that they efficiently ensure that the building of socialism with Chinese characteristics progresses smoothly in our region.

Gyaincain Norbu's Spring Festival 7 Feb Speech
OW0303163794 Lhasa XIZANG RIBAO in Chinese 8
Feb 94 pp 1, 3

["Gyaincain Norbu's Speech at A Get-Together for 1994 Spring Festival and Tibetan New Year on 7 February 1994"]

[Text] Comrades and Friends:

Today, we gather together to greet the advent of the 1994 Spring Festival and the Tibetan Year of the Dog. On behalf of the regional party committee, people's congress standing committee, people's government, and committee of the Chinese People's Political Consultative Conference, I extend my heartfelt regards and holiday greetings to the peasants, herdsmen, workers, intellectuals, and comrades of all nationalities across Tibet; PLA commanders and fighters stationed in Tibet; officers and men as well as political and law officers of Tibet People's Armed Police Corps; patriots from all nationalities and circles; and all of you here! Meanwhile, I would like to express my warm greetings to Tibetan people outside Tibet and my heartfelt gratitude and best wishes to people at home and abroad who have shown their concern, support, and offered assistance in Tibet's socialist modernization drive!

Under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line in 1993, Tibet earnestly followed the guidelines of the 14th CPC Congress and the fourth enlarged plenary session of the fourth regional party committee and always made economic construction its central task to launch a profound antiseperatist struggle and the work for a stable situation. Tibet closely adhered to the goal of establishing a socialist market economic structure and seized the opportunity to deepen reform and open wider to the outside world. With a united struggle and the unremitting efforts of the party, government, army, police, people, all nationalities, and all walks of life in the region, Tibet has further developed the economy, stabilized its social situation, unified all nationalities, and made new progress in various social undertakings. Tibet's economy has particularly displayed a momentum for sustained, rapid, and healthy development: Tibet achieved 3.65 billion yuan in total output value of goods and services, up 8.1 percent over the previous year in terms of comparable prices; this includes 1.77 billion yuan achieved by primary industry, up 4.9 percent; 530 million yuan by secondary industry, up 16.6 percent; and 1.35 billion yuan by tertiary industry, up 9.5 percent. Tibet saw its sixth bumper harvest in agriculture and steady economic growth in agricultural and pastoral areas, with per capita net income of 515 yuan for peasants and herdsmen. Industrial and transport enterprises improved their efficiency and basically achieved simultaneous growth in production, sales, and economic returns. Tibet's foreign trade thrived and tourism maintained good momentum for development—a substantial step forward in opening up. The construction of infrastructure, focusing on energy resources, transportation, and telecommunications, proceeded smoothly. Localities improved their economic strength and collected 149 million yuan in revenue. Urban and rural markets were brisk, commodity prices were basically stable, and people continued to improve their living standards. New progress was also made in science, technology, education, culture, public health,

sports, and other social undertakings. All of these encourages us to march forward in the new year with full confidence.

The year 1994 is a crucial year for Tibet to continue the establishment of a socialist market economy as well as an important year to maintain good momentum for economic development. This year, Tibet should make reform, development, and stability its main theme in various kinds of work and comprehensively implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee, the fifth enlarged plenary session of the 4th regional party committee, and the regional economic work conference. Tibet should firmly adhere to the central work of economic construction and strive to advance the establishment of a socialist market economy, the work of stabilizing the situation, and the construction of socialist spiritual civilization.

Reform is the driving force of economic development. In reforming Tibet's economic system, we should adhere to the criterion of whether it will develop productive forces, seize the opportune time, promote reform as a whole, stress the main points, and keep our reform framework and structure in line with those of the state. Taking Tibet's actual situation into consideration, we should be firm in action, flexible in policies, and stable in process. This year, Tibet's reform is arduous because it requires greater efforts, wider range, and better quality. Therefore, we must adhere to investigation and study, extensively solicit opinions, and seek perfection through scientific ways in making reform policies and make sure that we have well-conceived plans, meticulous organization, and earnest practice. Reform measures involving the immediate interests of the people must go through assessment, coordination, experimentation, and other effective ways. Reform will surely touch or break old systems, economic relations, and the structure of interests, and will produce new contradictions, problems, and difficulties. Party committees and people's governments at various levels should work diligently and initiate and implement various important reform measures in a down-to-earth manner on the one hand; people of all nationalities and circles should, on the other hand, attach importance to the overall situation, take overall and long-term interests into consideration, consciously support and engage in the cause of reform, and make sure that Tibet will make breakthrough progress in various reforms this year through the concerted efforts of all sectors and all walks of life across the region.

Development is the last word. It is the common aspiration of all nationalities as well as our central work for maintaining sustained, rapid, and healthy economic development and developin Tibet's economy as soon as possible. Therefore, we should continue to broaden our minds for economic development, strengthen and improve macroeconomic regulation and control, make greater efforts to restructure the economy, and achieve the integration of rapid development and higher economic efficiency. This year's economic work should center on increasing the income of peasants and

herdsmen and vigorously developing the economy in the agricultural and pastoral areas, while stepping up the pace of reform; increase enterprises' economic returns as a whole with the focus on further changing state enterprises' operating mechanisms; actively create new factors for economic growth under the guidance of industrial policies; and continue to implement the strategy of revitalizing Tibet with science and education with a view to improving labor quality and the level of productive forces. We should concentrate our efforts on economic development and make sure that Tibet's economy grows at a rate of 8 percent this year.

The maintenance of social stability is the prerequisite for smooth progress in reform, opening up, and economic development. We must bear in mind Comrade Deng Xiaoping's dictum that "stability is of overriding importance;" correctly understand and handle the relationship between reform, development, and stability; and correctly understand and handle contradictions of the two different natures. Splittist activities are the major factor undermining Tibet's social and political situation; and they pose the gravest obstacle to the region's reform and development. Therefore, we must always adhere to the principle of grasping two links at the same time, resolutely cracking down, according to the law, on hostile elements who try to split the motherland and stir up trouble to the detriment of stability, while continuing to strike swiftly and severely in accordance with the law, at serious criminal offenders and economic criminals who disrupt and interfere with reform, development, and social stability. Meanwhile, under the circumstances of expediting reform and opening up and of changing to the new system from the old, and in the process of establishing a socialist market economy, there will certainly be changes cropping up in social contradictions and new features in the contradictions among the people. We must pay strict attention to contradictions among the people in the new era, and familiarize ourselves with the policy, strategy, and correct methods for handling contradictions among them. Leading cadres at all levels should set a good example in intensifying investigation and study, improving work style, putting the interests of the people above anything else, and overcoming bureaucracy, formalism, and other unhealthy practices. They should go down to the grass roots, mingle with the masses, and work on the frontline of production to solve problems on the spot. They should visit problem spots to understand public feelings, localities with newly emerging things and changes to sum up experiences, and backward areas to open up a new situation in work. In a nutshell, they should deliver the kind concern of the party and the government to every household. At present, particular attention must be paid to helping poverty-stricken peasants and herdsmen, workers of deficit-ridden enterprises, retirees, and various categories of recipients of government aid solve practical problems and do everything possible to provide arrangements for their production and everyday life. Only by so doing will the people support the policies of the party and the government even more, give us greater trust, and

take the initiative to help and coordinate with us in handling various social contradictions and problems and will they join us in consolidating and developing the excellent situation characterized by stability and unity in Tibet.

Comrades, friends: Accelerating reform, promoting reform, and ensuring stability are the three major tasks of Tibet's work in 1994, whose accomplishment is dependent upon joint struggle by all party, government, army, and armed police organizations and the people of all nationalities and in all circles throughout the region. We must rally more closely around the party Central Committee with Comrade Jiang Zemin as the nucleus, grasp the overall situation in the light of the theory of building socialism with Chinese characteristics and the party's basic line, seize the historic opportunity, heighten our spirit, and advance courageously in unity to greet the 30th anniversary of the establishment of the autonomous region with outstanding achievements.

In conclusion, once again may all of you as well as the people of all nationalities and in all circles across Tibet have a happy new year!

North Region

Chen Xitong, Yu Yongbo Attend Beijing Spring Festival Forum

SK0203091394 Beijing BEIJING RIBAO in Chinese 8 Feb 94 p 1

[Excerpts] The capital's army and government forum for the Spring Festival was held at the Great Hall of the People on the afternoon of 7 February. Chen Xitong, secretary of the municipal party committee, and Yu Yongbo, member of the Central Military Commission and director of the General Political Department, extended festive greetings to each other on behalf of the municipal party committee, people's congress standing committee, government, committee of the Chinese People's Political Consultative Conference, and the people throughout Beijing and on behalf of the Central Military Commission, the three general departments, and the officers and men of the army units stationed in Beijing. Li Qiyuan, mayor of Beijing; Du Tichuan, deputy director of the General Political Department; and Yang Yanyin, vice minister of civil affairs; spoke at the forum, which was permeated with a warm atmosphere characterized by the unity between the army and the government and between army men and civilians. [passage omitted]

Chen Xitong said in his speech that it was significant to have invited leaders from the army and the Ministry of Civil Affairs to the forum to hear reports on army-civilian cooperation in building civilized units and the double-support work. He said: Beijing's development cannot be separated from that of the Liberation Army. Either in smooth periods or in grim periods, from the liberation of Peking to economic construction, peace,

and stability, we have maintained close unity and concerted efforts with the Liberation Army and the Armed Police Forces. Only with the Liberation Army can we develop reform and construction in a peaceful and stable environment. The People's Liberation Army has provided great support to all the work of Beijing, and it is Beijing which has benefited most from the double-support work and the army-civilian cooperation in building civilized units. [passage omitted]

Tianjin Expects Foreign Investment Growth With New Laws

OW0103101994 Beijing XINHUA in English 0853 GMT 1 Mar 94

[Text] Tianjin, March 1 (XINHUA)—More than a dozen local laws and regulations concerning economic and other related issues were passed last year by the local legislative body in north China's Tianjin City, an industrial center and a major open port.

Statistics show that in the latter half of last year, five sets of local regulations governing the operation of the Tianjin Port Free Trade Zone were established and promulgated.

Officials said the new regulations are expected to give an impetus to the growth of overseas investment.

Other local laws and regulations include the Tianjin Commodity Market regulations, the Tianjin Technical Market regulations, the social security regulations and the management law governing religious sites in Tianjin City.

Legislative officials said it still remained a hard task for them to make laws and regulations urgently needed by a growing socialist market economy.

"They were so urgently needed that we cannot wait and must redouble our efforts to do our job well," said an official with the Standing Committee of the Tianjin Municipal People's Congress.

With support from the municipal government, they have investigated current conditions and consulted with many departments concerned. They also listened to opinions of different parties and experts before the laws and regulations were passed.

Hebei Secretary Commends Offices Stationed Outside

SK0103141094 Shijiazhuang HEBEI RIBAO in Chinese 3 Feb 94 p 1

[By reporter Wang Yongchen (3769 3057 2525): "Hebei Government Offices Stationed Outside Make Contributions to Building Strong Province"]

[Excerpt] The three-day conference on the work of the provincial government offices stationed outside the province concluded in Shijiazhuang on 2 February.

The provincial government offices stationed outside the province made indelible contributions in 1993 to Hebei's success in accelerating the opening to the localities at home and abroad and maintaining rapid development in economic construction. Focusing on the requirements put forward by provincial leaders, they made use of their special positions and advantages, actively conducted explorations, pioneered the way forward, and notably changed and improved the work to bring in investment from outside the province and establish ties with foreign countries, develop economic and technological cooperation, provide information, increase income, receive guests and provide service, exercise management, and strengthen basic construction. They created an income of 26.68 million yuan in the whole year and realized a profit of 10.66 million yuan, a net increase of 48 percent from 1992. Meanwhile, the offices served as liaison offices for 360 projects of the province, signed 86 letters of intent, officially signed 185 contracts, planned to bring in \$380 million from abroad, and provided information on 1,422 occasions, thus making contributions to the endeavor of building an economically strong province.

During the conference, Cheng Weigao, secretary of the provincial party committee, and Ye Liansong, provincial governor, attended to meet with all the delegates. Cheng Weigao commended several offices that had won notable achievements and clearly urged the participants to particularly do a good job in bringing in investment from abroad and establishing lateral ties at home, in management, and in service and to make still greater contributions to Hebei's economic development and opening to the outside world in the new year. [passage omitted]

Hebei Deals Blows to Illegal Transit of Textile Products

SK0103142394 Shijiazhuang HEBEI RIBAO in Chinese 1 Feb 94 p 1

[By correspondent Wang Shuzheng (3769 2885 2973) and reporter Li Sujia (2621 1859 0163): "Make Unremitting Efforts To Guard Against and Deal Blows to Illegal Transit Activities"]

[Text] The provincial work conference on dealing blows to illegal transit of textile products, which ended a few days ago, revealed that the activities of illegal transit of textile products has affected the trade relations between China and the countries importing textile products and harmed China's economic interests and reported that these activities must be strictly banned. Although Hebei Province has not discovered cases of illegal transit of textile products so far, we must not lower our guard. We must regard dealing blows to illegal transit activities as a regular task and grasp it with unremitting efforts.

The illegal transit of textile products means the act of indicating the third country or region as the producing place on the tags, brands, and packages of the export textile products. This is an act of violating the bilateral

textile product trading agreement signed with other countries. The conference called on all levels and all kinds of foreign trade companies and enterprises enjoying the delegation of powers to pay great attention to this, strictly check on the signing of contracts with foreign countries, the arrangement for production, and the delivery of products to other countries in an effort not to give unlawful elements an opportunity.

The conference affirmed the achievements and experience of Hebei Province's economic and trade management departments, commodity inspection departments, and customhouse in strengthening cooperation, performing their own duties, and dealing blows to the illegal transit of textile products and worked out plans for this year's work.

Inner Mongolia Secretary Attends Industrial Conference

SK0203022094 Hohhot NEIMENGGU RIBAO in Chinese 1 Feb 94 p 1

[By reporter Zhang Zhedong (1727 0772 2767) and correspondent Cao Haiqing (2580 3189 3237): "Seize the Opportunity, Deepen Reform, Promote Production, and Safeguard Unity"]

[Excerpt] The regional industrial economic work conference opened in Hohhot on 31 January. Regional leaders Wang Qun, Qian Fenyong, and Shen Shuji spoke at the conference. Liu Zuohui, Liu Zhen, Chen Youzun, and Xu Bonian attended the conference. Wang Qun stressed in his speech that the reform should be oriented to seizing the opportunity, deepening reform, promoting production, safeguarding unity, and effecting the large-scale reform, large-scale development, and large-scale advancement of the economy.

In his speech, Wang Qun fully affirmed the region's achievements in the 1993 economic work and stressed the necessity of pushing the 1994 economic work onto a new stage and a new level. Wang Qun said: This year is critical to establishing the socialist market economic structure. The major sign of embarking on a new stage and a new level is for the economic structure to keep pace with the process of shifting to the socialist market economy where efficiency is the central and fundamental issue, and the region can effect an obvious improvement in labor productivity and make even greater contributions to the financial revenues of the state. Only after embarking on this new level can we gain initiative.

He said: The central authorities have recently raised the guiding principle of "seizing the opportunity, deepening reform, promoting production, and safeguarding unity." By opportunity, we mean the current situation. When viewed as a whole, the current situation is favorable to our large-scale development, large-scale reform, and large-scale advancement. Currently, the world and domestic situation as well as the domestic and world markets are very conducive to us. In particular, the third plenary session of the 14th CPC Central Committee and

the eighth (enlarged) plenary session of the fifth regional party committee have introduced one after another some policies and regulations that facilitate large-scale development, thus providing economic development with an excellent opportunity and favorable environment. In addition, the region's reform and opening up over the past 15 years have laid a relatively solid foundation for economic development. We should seize this golden opportunity to practice and work boldly.

He said: After getting a clear understanding of the situation, we should catch sight of many difficulties. Some of the problems we face, such as fund shortage, financial difficulties, and deficits incurred by some enterprises, small and medium-sized enterprises in particular, are the problems with regard to reform that will surely emerge in our way of advance. Therefore, we should not get confused by these problems, but should enhance our morale and deepen reform. Only by carrying out reform can we find the way out. Without advancement, we will lag behind. And, refusing to carry out reform, will only lead to a road of ruin.

With regard to deepening reform, Wang Qun pointed out: In carrying out reform, we should not seek outside performance, nor should we engage in formalism. In reform, we should exert real efforts. To carry out reform, we should also conduct renovation and positively press forward technological progress. We should also resolve the problems regarding work bodies, product quality, and development. When shifting the structure, we should lay emphasis on key projects, large enterprises, and items producing good results. We should take the shareholding system as the major orientation in conducting enterprise reform, and adopt the methods of closing down, suspending operations, amalgamating with others, and transfer to other units in order to eliminate small, poverty-stricken, and money-losing enterprises. We should establish the enterprise operating mechanism that is suitable for the socialist market economy with a view to improving the economic efficiency of enterprises. We should attend to the following five aspects in line with the central authorities' principles of pressing forward overall reform, making breakthroughs in major aspects, using exemplary cases to guide the road, and accelerating the pace: 1. Establish and perfect the rural collectivized service system so that economic patterns where industry, agriculture, and animal husbandry serve foreign trade emerge; 2. Accelerate the transformation of mechanisms among industrial enterprises and make great efforts to basically complete the transformation of mechanisms among small and medium-sized enterprises by the end of this year; 3. Achieve success in commercial, grain, trade, and circulation reforms to promote economic development; 4. Achieve success in financial, taxation, pricing, and banking reforms and support the development of enterprises in line with the practical situation, state regulations, and the principles of "facilitating the development of socialist productive forces, the enhancement of comprehensive strength of the socialist countries, and the

improvement of the people's living standards;" 5. Accelerate transformation of government functions and support reform of organizations and assign young and capable cadres to the first line of economic development and to industrial, commercial, tax affairs, and security and law departments in an effort to ensure the smooth progress of economic reform and development. [passage omitted]

Inner Mongolia Secretary Speaks at CPC Meeting 31 Jan

SK0103141394 Hohhot NEIMENGGU RIBAO in Chinese 2 Feb 94 p 1

[By reporter Zhang Jinyan (1728 3866 3601): "Further Increase Dynamics of Reform and Promote Rapid Economic Development in Inner Mongolia"]

[Text] The autonomous regional party committee held an enlarged standing committee meeting on the afternoon of 31 January. Wang Qun, secretary of the autonomous regional party committee, who had just completed investigation and study tours in Hulun Buir, Hinggan, and Jirem Leagues, gave a report on his investigation and study activities to the responsible comrades of the autonomous regional party committee, people's congress, government, committee of the Chinese People's Political Consultative Conference [CPPCC], and pertinent departments, and gave opinions on the next step of efforts to deepen reform and accelerate development. In view of the reality in Inner Mongolia's reform and development, Comrade Wang Qun emphasized that all localities and departments should further emancipate the mind, seize the opportunity to increase dynamics of reform, and promote development through reform to realize a big leap in our economic construction in the new year.

Comrade Wang Qun summarized his impression gained after the investigation as an excellent situation, but heavy tasks on a long journey. He pointed out: This year will be a crucial year for Inner Mongolia's reform and development. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line, we should comprehensively implement the guidelines of the 14th national party congress and the third plenary session of the 14th party Central Committee, accelerate establishment of the socialist market economy system, and correctly handle the relationship between reform and development on the one hand and unity and stability on the other. He said: No work can be placed on a par with reform and development. Leaders at all levels should enhance the sense of reform and fully understand that only through reform can we have a way out. He pointed out: In Inner Mongolia's reform this year, new breakthroughs should be made 1) in deepening rural and pastoral reform, with the focus on establishing and improving rural and pastoral socialized overall service systems; 2) in the reform of industrial, commercial, grain, and foreign trade enterprises; 3) in the reform of financial and tax systems; 4) in

the reform of banking, investment, and price systems; and 5) in institutional reform.

Wang Qun pointed out: The key for state-owned large- and medium-sized enterprises to transform the operating mechanism lies in strengthening leadership. Leaders at all levels should raise spirit, pioneer the way forward, refrain from procrastination and reliance on and waiting for the assistance of higher levels, and pursue development in the process of deepening reform. If leaders fail to update their concepts and if the operating mechanism and functions are not changed, enterprises' endeavor to get rid of difficulties will be merely idle theorizing. Comrade Wang Qun proposed that a leading group composed of leaders of the autonomous regional party committee and government be organized to strengthen the leadership over the reform of industrial and commercial enterprises and concentrate efforts on improving efficiency. The gap between Inner Mongolia and advanced areas should be narrowed as soon as possible through reform and development.

Speaking on Hinggan League's establishment of a green food production base ahead of others, Comrade Wang Qun urged: To conform to the market economy system, the rural economy should undergo the transition from the past small-scale peasant economy and small-scale production economy to large-scale agriculture and the market economy. Based on market demands, cadres at all levels should provide favorable conditions for peasants and herdsmen to march toward the market, use market information to lead peasants and herdsmen to the market, and take the road of developing high-yield, good-quality, and high-efficient agriculture and commercializing production. We should exercise integrated management of foreign trade, industry, and agriculture; make planting, breeding, and processing a coordinated process; adopt the farming and livestock breeding structure that coordinates agriculture, industry, commerce, technology, and foreign trade, which encourages enterprises to operation on as large a scale as possible and which suits market demands; and make use of local resources to develop the economy to turn advantages in resources into economic advantage. Leagues and cities should accelerate establishment of rural and pastoral socialized overall service systems, with the focus on towns, townships, and sumu. Township enterprises should diversify their structure and develop whatever conducive to economic development.

After affirming the experiences in the reform of the three leagues in eastern Inner Mongolia, Comrade Wang Qun emphasized: Leaders at all levels should combine the endeavor of emancipating the mind with the scientific approach of seeking truth from facts and make an important step this year in the reform designed to establish the socialist market economy system. Enterprise reform should help invigorate state-owned enterprises, and agriculture and animal husbandry, foreign economic relations and trade, township enterprises, and nonpublic sectors of the economy should be promoted. We should select and send younger cadres of party and

government organs who are competent and know management to the forefront of production and construction to help with the work or to assume posts in order to promote the economic development of all localities. Leagues and cities should coordinate improvement of grass-roots units with institutional reform, transfer and divert the personnel of administrative units and institutions to the fields of production and distribution in a well-organized manner, and raise office work efficiency. We should further strengthen party leadership and persistently attend to two tasks simultaneously and be competent in both to create a good and stable environment for reform, opening up, and economic construction. In accelerating banking, financial, and tax reform and stabilizing prices, we should follow the arrangements of the party Central Committee and the State Council, explore bravely, and adopt new ideas, new measures, and new methods. We should intensify research of policies to counter the new conditions and new issues in Inner Mongolia's reform and development, especially the issues closely related to people's life. We should implement the guidelines of the third plenary session of the 14th party Central Committee and the eighth (enlarged) plenary session of the fifth autonomous regional party committee.

Zhou Weide, vice chairman of the autonomous region, gave a report on the investigation activities.

Wu Liji, deputy secretary of the autonomous regional party committee and chairman of the regional government, and Qian Fenyong, deputy secretary of the autonomous regional party committee and chairman of the regional CPPCC committee, also spoke.

XINHUA Notes Inner Mongolia's Economic Success

OW0203093894 Beijing XINHUA in English 0744
GMT 2 Mar 94

[Text] Hohhot, March 2 (XINHUA)—Bumper harvests in agriculture and animal husbandry in north China's Inner Mongolia Autonomous Region in 1993 have helped raise the per capita income of farmers and herdsmen to a record 829 yuan, up 110 yuan over the previous year.

Speaking at a working meeting on the region's development of agriculture and animal husbandry, Vice Chairman of the Regional Government Zhang Tingwu said that his region owes the achievement to rational development policies and increasing inputs of both labor and investment.

According to him, the region has in the past few years updated the household responsibility system and the contract system, improved its agriculture and animal husbandry structure, attached more importance to the role of science and technology, developed rural and township enterprises, nurtured a sound agricultural and

animal husbandry market system, established a social service system, and reduced the burdens on farmers and herdsmen.

The vice chairman said that in the past six years his region has invested a total of more than 2.4 billion yuan in the infrastructure of the agriculture and animal husbandry sectors.

He said that Inner Mongolia now has an irrigated area of more than 1.5 million ha [hectares], about 30 percent of the total arable land. He added that more than 100 items of technology have been applied to agriculture and animal husbandry, yielding some 330 million yuan in extra value.

The official said that his region has built 108 production bases of various kinds.

The average grain output in the first three years of the eighth five-year plan period (1991-1995) was 10.38 billion kg, a rise of 47.2 percent over the average for the Seventh Five-Year Plan period (1986-1990), the official said.

As a result, Inner Mongolia, which traditionally imported grain from other parts of the country, has become one of the areas of China that sell surplus grain.

The vice chairman said the region's animal husbandry has substantially reduced its dependence on nature's whims, and the number of livestock has been maintained at around 50 million.

As a result, the output value of the agriculture and animal husbandry products-based industries now accounts for 31.74 percent of the total industrial output value of the region.

Inner Mongolia's Oil Field Becomes 'New Star' of Industry

SK0103140094 Hohhot NEIMENGGU RIBAO in Chinese 30 Jan 94 p 1

[Excerpt] Since late 1989 when the Eren Oil Field was built and put into operation one year ahead of schedule, it had produced 4.36 million tonnes of oil and turned in 601 million yuan of profits and taxes to the state by the end of 1993. Its crude oil output remained at 1 million tonnes steadily for three years in succession, becoming another eye-catching new star in China's petroleum industry. [passage omitted]

Farmers, Herdsmen Combat Soil Erosion in Inner Mongolia

OW0103165394 Beijing XINHUA in English 0845 GMT 1 Mar 94

[Text] Hohhot, March 1 (XINHUA)—Farmers and herdsmen in the Ordos Plateau of north China's Inner Mongolia Autonomous Region are enjoying better environmental conditions owing to effective measures to protect the land from soil erosion.

More than 300,000 farmers and herdsmen have made contracts to fight against soil erosion on the plateau. They have made 1,360 sq [square] km of wasteland, half of the land contracted, green in the past five years. So far more than 33,330 hectares of farmland have been reclaimed, and trees and grass now cover more than 670,000 hectares of plateau lands.

Located on the middle and upper reaches of the Yellow River, the plateau suffers from serious soil erosion. Most of the muddy silt which gives the Yellow River its name comes from the plateau. About 47,000 sq km of land still suffers from serious soil erosion.

But with effective measures taken to protect soil erosion in recent years, less soil is washed into the Yellow River. An annual amount of soil erodes into the river is now five times less than the amount in the 1950s.

Farmers and herdsmen on the plateau pay equal attention to both environmental improvement and economic efficiency while transforming the wasteland. They build up farmland, plant willow thorns and apple trees in light of soil quality and are developing a farm and sideline products processing industry.

Inner Mongolia Sentences Six Corrupt 'Elements'

SK0103140194 Hohhot NEIMENGGU RIBAO in Chinese 31 Jan 94 p 1

[Text] Bayannur League and Baotou city recently held rallies to publicly pronounce judgments of three cases on embezzlement and bribe-taking according to the law. Six corrupt elements were punished.

Wang Lixin was sentenced to death according to the law with political rights deprived for life on charge of embezzlement. He was executed recently in Bayannur League. Li Junping, guilty of embezzlement, who surrendered to the police with a tremendous amount of money, was leniently sentenced to death with a two-year reprieve; and Liu Xirong and Xie Hailong was sentenced to life imprisonment with political rights deprived for life and 13-year imprisonment, respectively. Rui Liuyuan and Jiang Liguang, who took bribes, were sentenced to life imprisonment with political rights deprived for life and a nine-year imprisonment, respectively.

Wang Lixin, former accountant of the savings bank of the Wuyuan County agricultural bank in Bayannur League, embezzled more than 210,000 yuan from the funds of the bank and the savings of the bank depositors from February 1991 to May 1992. He used the money for gambling and drugs and returned merely some 30,000 yuan after the case was discovered, incurring a loss of more than 170,000 yuan to the state. Li Junping, former accountant of the Delingshan office of the Urad Middle and Rear Joint Banner agricultural bank in Bayannur League, colluded with jobless Liu Xirong and Xie Hailong to embezzle more than 860,000 yuan from the bank from December 1992 to April 1993 by means of "receipts of postal money transfer of the region" he

owned. He surrendered himself to the police with 380,000 yuan of the embezzlement money in June 1993 and returned all the money later when the case was discovered. Rui Liuyuan, former deputy director of the transportation section of the Baotou city aluminum plant, took advantage of business ties with a certain unit in Jiangsu Province to abuse power to sell 140 tonnes of aluminum ingot with the approval of Jiang Ligu, deputy director of the plant. He took bribes totaling 200,000 yuan, of which 155,000 yuan was taken by himself and 45,000 yuan given to Jiang. In addition, Jiang also owned \$20,000, whose sources were not clear.

Wang Lixin, Xie Hailong, and Rui Liuyuan refused to accept the first rule and lodged an appeal. After the trial of the autonomous regional higher people's court, the appeal was rejected and the original rule was maintained.

Sun Wensheng Elected Governor of Shanxi Province

*OW0303171694 Beijing XINHUA in English 1419
GMT 3 Mar 94*

[Text] Taiyuan, March 3 (XINHUA)—Sun Wensheng, an alternate member of the 14th Central Committee of the Communist Party of China, was elected here today as governor of northern China's Shanxi Province.

Sun, 52, a native of Weihai, in Shandong Province, is a college graduate. He came to Shanxi as deputy Communist Party secretary and acting governor of Shanxi Province after former Shanxi Governor Hu Fuguo was appointed party secretary of the province.

Sun was deputy secretary of Hunan Provincial Party Committee before he came to Shanxi Province.

Hong Kong

'Budget Speech' Urges MFN Renewal, Progress on Airport

HK0303095994 Hong Kong SOUTH CHINA
MORNING POST (Budget 94 Supplement) in English 3
Mar 94 pp VI, VII

["Budget speech" delivered by Hong Kong Financial Secretary Hamish Macleod to the Legislative Council in Hong Kong on 2 March: "Budget Speech in Full"]

[Excerpts] Introduction

Mr President,

I move that the Appropriation Bill 1994 be read the second time.

2. [number as published] My Budget this year will once again reflect the solid performance of the economy and its robust prospects for the year ahead. 1993 was the 27th successive year in which the economy grew in real terms since the start of the GDP figures in 1966. A whole generation has grown up in our community which has never known anything other than unbroken economic expansion. It is a staggering fact that GDP per head has more than trebled in real terms since 1970. [passage omitted]

The Economy 1993 Performance

8. I turn now to our economic performance and prospects. In 1993, Hong Kong's economy once again performed handsomely. We achieved a satisfactory growth rate of 5.5 percent in real terms. I say satisfactory because this is a good level of growth for an economy as mature as ours. We are not rising from a low economic base, as are many of our neighbours. We are now a service-based economy, and what we have to offer is our expertise, not low-wage factory labour.

Our role in the Asian economic miracle is to provide the expertise which countries in the region need in order to raise their own standards of living. I will have more to say about this later this afternoon, when I describe the remarkable transformation which has been achieved over the last fifteen years.

A transformation which has taken us to an advanced service economy based increasingly on our skills in management, design, marketing, finance and communications.

9. Let me start by giving you the basic facts of how well we did last year.

- As I said, GDP grew by 5.5 percent in real terms, the fastest increase since 1988.
- GDP per head in 1993 reached US\$18,500.
- Total exports grew by 13 percent in real terms, led by re-exports.

- Exports of services grew by 8 percent in real terms.
- Inflation retreated still further, to 8.5 percent for the year (compared with 9.4 percent in 1992).
- Median household income grew in real terms by 3.8 percent.
- Unemployment remained at around 2 percent, a very low level by any international standard.

10. In producing this performance, I have no doubt that the business community has been looking beyond current political controversies to the long-term growth potential of both Hong Kong and China, and indeed to the promising economic outlook for the Asia-Pacific region as a whole.

This bullish attitude affects foreign investors too. For example, investment from around the world has continued to flow into our asset markets, and more foreign companies continue to establish their presence here in Hong Kong. **1994 Prospects**

11. 1993, in short, was a very good year, and we have no reason to be any less confident about our prospects for 1994. I say this because the factors which led to last year's success will persist, while recent developments in the world economy offer additional encouragement.

- The successful conclusion of the Uruguay Round has boosted trade potential and blunted protectionist pressure.
- Prospects in our major overseas markets have improved. The U.S. and UK economies are set to grow by around 3 percent in the year ahead.
- Even more important for Hong Kong, the Chinese economy should have little difficulty in continuing to achieve an annual growth of about 10 percent in real terms.
- Our other neighbours in East Asia are likely to maintain their dynamic growth, with trade within the region expanding by around 15 percent in 1994.

12. We have entered 1994, then, in better shape than we might have expected. Inevitably, however, we also face some uncertainties. The annual battle for the renewal of China's MFN status in the United States will have to be fought yet again. Hong Kong must hope that politics is not allowed to damage this important trading relationship. For our part, we shall do all we can to emphasise to our friends in Washington the importance of trade between China and the United States.

We will go on arguing that politics should not be allowed to damage trade.

13. This is not only a matter of Hong Kong's self-interest, although this is clearly a key factor. And for good reason. We estimate that failure to renew MFN would slash Hong Kong's GDP growth by up to three percentage points, and employment by up to 75,000 jobs.

But there are wider issues at stake too. It is trade which generates growth, the growth essential for economic and social progress. The avoidance of trade discrimination—the encouragement of a level playing field and the virtues of free trade—are aims which underlie the GATT. It is for this reason also that China's wish to rejoin the GATT is of such significance.

14. Another factor bearing on our prospects for 1994 will be the success of the Chinese Government in managing high rates of economic growth while avoiding serious overheating. The Chinese Government has recognised the dangers of inflation and has announced measures to deal with it. We must hope that these measures are successful.

15. In producing our forecasts for the coming year, while we have to bear in mind these downside risks, we must also give due weight to our underlying strengths. For 1994, I am forecasting:

- GDP growth in real terms will again reach 5.5 percent,
- GDP per head will reach some US\$20,600,
- Total trade will increase by around 17 percent in real terms, and
- Inflation will keep to an average of around 8.5 percent.

16. The continuing development of the Chinese economy matters considerably to the whole international community. But to us in Hong Kong, it is increasingly the key to our future economic success. Through servicing and investing in China, we continue to find new markets for our expertise in manufacturing, marketing, banking, communications, tourism and professional services.

17. Already, we play a vital and increasing role in China's economic modernization.

- China accounted for 35 percent of our total external trade in 1993.
- Hong Kong accounted for around two-thirds of total external investment in China. In turn, China is probably the largest external investor in Hong Kong.

18. The relationship is not simply about the flows of goods and services. There is also an enormous flow of people.

- Hong Kong residents made no less than 23 million visits to Chinese destinations in 1993.
- In addition, nearly 2 million foreign visitors used Hong Kong as their gateway to China.
- There were 7.4 million road crossings by cars and lorries.
- Hong Kong handled 34,000 flights to and from China.

19. But this momentum in our trade and traffic with China cannot be taken for granted. It has to be nurtured.

As I shall describe later, it is crucial that we continue to develop our road, rail, air and sea links with Guangdong province, and the rest of China. We must match the flows of people, trade and investment with the infrastructure to support them. [passage omitted]

Challenges Ahead Air and Sea Links

48. It is vital that we forge ahead with our airport and port development, if Hong Kong's growth is to be sustained beyond 1997, and with it the growth of southern China. Latest indications are that both air and container traffic are increasing faster than previous forecasts had anticipated.

49. It is painfully clear that Kai Tak is an airport working beyond its capacity, despite the considerable improvements being made. Even if you never travel, but are one of the 300,000 or so people living nearby, Kai Tak is becoming a more and more noisy neighbour to live with.

50. The economic benefits of the new airport can best be described by looking at what Hong Kong would stand to lose if we did not have the new airport in 1997. Economic losses would be HK\$3 billion [Hong Kong dollars] in the first year after 1997, another HK\$6 billion in the following year and a massive HK\$10 billion the year after that.

51. We shall do all we reasonably can in dialogue with the Chinese Government to ensure that the expansion of the container port and the financing of the Airport Core Programme can proceed as swiftly as we would all wish. It is because of these economic benefits, and the good financial position we now find ourselves in, that we made our fourth financing proposal to address the Chinese Government's concerns. I shall refer again to this proposal in discussing the Medium Range Forecast. **The Land Links**

52. Every day, more than 20,000 goods vehicles pass through the border crossing points. The figure is growing by about 15 percent a year. This traffic is the life blood of our economic growth. But the road arteries are becoming increasingly clogged by a volume of vehicles far beyond what they were designed to handle.

53. As I have explained in previous Budgets, we must invest heavily in improvements to the road and rail links which serve our trade, tourism and investment in China, as well as the everyday needs of our population. Much work is already in hand.

- In September this year, the Yen Long Southern Bypass will be completed at a cost of HK\$400 million. This will bring more relief to the Western New Territories.
- In August, we shall be awarding the HK\$3.7 billion construction contract for the Ting Kau Bridge. When it opens in mid-1997, traffic will be able to bypass the container port and its bottlenecks in Kwai Chung.
- By the end of this year, we hope to award the franchise to construct and operate the Country Park Section of

Route 3. When it comes into operation in late 1998, it will provide a fast new route linking the border, the container port and the urban areas.

— We have reached agreement in principle with the Chinese authorities to open the Lok Ma Chau crossing point round the clock, for implementation, we hope, in the first half of this year. Meanwhile two additional channels have just been opened.

— A major expansion of the Lowu Station will be completed early next year at a cost of HK\$280 million.

54. Much of the cross-border freight is far more suited to be moved by rail than road. But existing rail capacity simply cannot cope with demand. Last year, the Railway Development Study was completed. This set out ambitious but costly proposals, including the construction of a new rail track to link up with the Chinese national rail system, which itself is being rapidly upgraded.

We are not yet in a position to make a firm decision on the best way forward. But I suspect a consensus will emerge that high on the list of our long-term transport priorities should be a new railway to the border through the Northwest New Territories. [passage omitted]

The Medium Range Forecast

147. As in previous years, I have published the Medium Range Forecast in Appendix A to the printed version of this Speech. Before I discuss the forecast, I should like to make four points.

148. First, in accordance with our normal practice, this forecast covers the current financial year, the estimates year, and three further years. Hence, my forecast will for the first time include the 1997-98 financial year, a period most of which follows the transfer of sovereignty. I should emphasise that this is a forecast only, presented today solely to provide the appropriate context for Hong Kong's planning. It is no way imposes any commitment on the future SAR government.

149. Secondly, in previous forecasts, we have allowed for the financial implications of the first airport financing proposal put to the Chinese Government. And specifically, in addition to public works expenditure, for equity injections of HK\$20.3 billion from the reserves. Whilst the financing arrangements have yet to be agreed, it is clearly desirable to make our forecasts as realistic as possible. Without going into details of the fourth financing proposal at this stage, in our latest forecast we have allowed for a further equity injection of HK\$20 billion from the reserves.

We have also estimated the likely additional revenue to be obtained from airport railway-related land, and how much of that sum would be used as a further equity injection. Notwithstanding the great increase in land values since 1992, no more than about HK\$40 billion in gross premium from airport railway-related land is expected to be received in the limited period up to June

1997, half of which would of course go to the Land Fund. These estimates are reflected in the new forecast. [passage omitted]

153. Now for the Medium Range Forecast itself. Two different factors are at work.

— First, revenues have been buoyant over the past three years. And revenue forecasts have been increased to reflect this.

— Secondly, on the expenditure side, the forecast reflects a more realistic estimate of our capacity on public works.

154. On this basis, I forecast that we shall add HK\$7.7 billion to our fiscal reserves in 1994-95. Throughout the forecast period, we shall continue to see a healthy surplus on the operating account. However, in 1995-96 and 1996-97, we are forecast to draw on our reserves to take account of an increasing spending capacity on public works, as well as increased investment in our physical infrastructure, including most notably the Airport Core Programme.

155. I forecast that on 31 March 1997, our fiscal reserves will stand at an impressive HK\$120 billion. This is a dramatic increase over the figure of HK\$78 billion which I forecast in my Budget last year. This HK\$120 billion is all the more remarkable an achievement when you remember that it takes into account both the spending proposals and the tax concessions I have announced today. And it also fully allows for the proposed additional equity injection into the Airport Core Programme, and explains my willingness to make such a large investment.

156. Moving to the last year of the forecast, namely 1997-98, the Medium Term Forecast predicts an overall surplus for the year of HK\$21 billion. This very satisfactory figure reflects the fact that, in accordance with the Joint Declaration, the SAR government will receive the full proceeds from land sales, and will collect rents for the extension of New Territories leases. The end result is that the forecast predicts that the fiscal reserves will total HK\$141 billion at the end of 1997-98.

157. Nor is this the full picture, as these figures do not take into account the position of the SAR government Land Fund, which represents a significant asset for the future SAR government. Members will recall that a senior Chinese official has been reported recently as indicating that the fund was likely to exceed HK\$100 billion in 1997. Our own estimate of HK\$105 billion, before taking into account the disposal of sites along the airport railway, is broadly in line with this.

But when account is taken of the fund's share of the likely additional receipts from these sites the balance of the fund in 1997 should reach HK\$125 billion.

158. Thus, at the end of 1997-98, the SAR government is likely to have combined reserves, including interest, of about HK\$269 billion, incorporating both the fiscal

reserves and the Land Fund. Fortunately, therefore, we are able to continue to build up reserves greater than our annual expenditure. This is something we have been able to achieve in recent times. And something that few other communities have been able to do.

Conclusion

159. To a considerable extent we are engaged in managing the prosperity we have achieved, and in ensuring that it continues. In practice this has involved me in striking the right balance between spending and savings:

- Spending, both to improve the quality of life for the community as a whole and to create the infrastructure for our future growth, and
- Savings, to meet future liabilities and unforeseen contingencies, because economic success cannot be taken for granted year after year.

There will always be a temptation to spend a little more and save a little less. It might sometimes seem tempting politically to bow to some of the inevitable pressures to do so. But it would not be responsible government. And it would risk increasing consumption and fuelling inflation.

160. I hope that this Council will agree that we have found the right balance this afternoon. My Budget proposals will:

- Put HK\$38 billion back into the taxpayer's pocket over the next five years,
- Implement the ambitious expansion in social services set in motion by the Governor's first two Policy Addresses, and
- Put an additional HK\$8 billion into our fiscal reserves next year and put us on course for total fiscal reserves of HK\$269 billion by the end of the forecast period.

161. It is not the Government which has made today's Budget possible. This has been achieved by the hard-working men and women of Hong Kong. It is, first and last, their success and their money on which we rely, and it is their way of life, their livelihood we are all trying to secure.

162. Mr President, I move that the debate on this motion be now adjourned.

Financial Secretary Releases 'Generous' Budget

HK0303064094 Hong Kong SOUTH CHINA MORNING POST in English 3 Mar 94 p 1

[By business editor Ray Heath]

[Text] In one of the most generous budgets produced anywhere, [Financial Secretary] Sir Hamish Macleod yesterday bowed to the fact that the Hong Kong Government is collecting money faster than it could spend it. So he proposed giving at least \$7 billion of it back. For

the first time the Government revealed its forecast for the amount of cash that would be in the funds after handover in 1997, and the \$269 billion available to the Special Administrative Region (SAR) government by March 1998 showed it could afford to be generous.

Tax bills are to be slashed by \$3.2 billion and almost half a million people will join those who pay none at all, companies will be left with more of their profits, the cost of buying a home will be shaved and welfare spending will be raised. Sir Hamish said there were four major challenges facing Hong Kong which must be remedied: inflation, the improvement of rail, road and air links, traffic congestion and the provision of financial security for the greying population.

The overall theme was "Managing Prosperity" and was the sort of budget finance ministers around the world dream of. It was, said Sir Hamish after delivering his speech to the Legislative Council, a "pretty historic Budget" and almost certainly contained a record amount of concessions on salaries tax.

The number of individuals who will not be paying income tax will jump from an already high 43 percent to 58 percent, described by Sir Hamish as "a fantastic difference". The measures take 420,000 people out of the tax net altogether and a further 1.13 million will find themselves paying lower taxes from this year. Huge increases in family allowances, including the introduction of a new one for taxpayers caring for a grandparent, meant that the very important middle and upper income groups—and almost every civil servant—will benefit.

One of the big surprises of the Budget was cutting profits tax from 17.5 percent to 16.5 percent. This will leave Hong Kong companies with an extra \$1.6 billion to invest in 1994/95, and will reduce their tax bills by more than \$10 billion up to 1997. At the same time, Sir Hamish is planning to raise the cost of welfare spending, with funds being allocated to the elderly, disabled, sick and disadvantaged, with more places for nurseries and creches for children.

Despite the growing fears about the rise in residential property prices—which Sir Hamish shares—the Government has decided that it can afford to reduce stamp duty on property transactions. Like many other proposals in the Budget, this is aimed particularly at the sandwich class and the reductions will apply only to properties priced at under \$3 million. He said the Government believed that the cumulative effect of stamp duty on speculators who bought and sold flats several times before an end-user actually moved in would be a deterrent.

Even visitors will benefit from the proposed measures. After listening to the recommendations of the tourist industry, the Government is to reduce the much disliked airport departure tax from \$150 to \$50.

There was very little sour among the sweet—even the usual step of raising taxes on the good things in life was

resisted. There will be no rise in duty on tobacco, the incomprehensible system of charging duty on alcohol content will be simplified, to the benefit of the low end products in the market, and the tax on fuel will go up by only 8.5 percent, to reflect inflation. To placate the anti-smoking lobby, the Government is to donate an extra \$7.5 million to the Council on Smoking and Health for anti-smoking campaigns, on top of the \$4.1 million they already receive every year.

If it looked a little over-generous Sir Hamish believed that Hong Kong could afford it, safe in the knowledge that the projection of future revenues and surpluses in the government finances meant that it would be comfortably, even luxuriously, within its targets for handing over a properly financed territory to the SAR in 1997.

In his medium range forecast, Sir Hamish revealed that by March 1998, the outgoing government would have built up reserves of \$268.9 billion. This compares with the \$25 billion which the Government has committed to set aside for the SAR government, plus a further \$7 billion in respect of civil service pensions.

After last year's 5.5 percent increase in gross domestic product the sum total of goods and services purchased in the territory—Sir Hamish is predicting that the economy will grow by the same amount this year. But the flip side of the growth coin remains inflation, and on this, yesterday's news was not so good for another year of rising prices is forecast, with no cut from last year's rate of 8.5 percent. He is also planning major overhaul of the companies ordinance, in what one official described as "root and branch" tidying up of the piecemeal legislation which has come on the statute books over the years.

Chinese Official Cautious on Future Hong Kong Funds

OW0303183094 Beijing XINHUA in English 1452 GMT 3 Mar 94

[Text] Hong Kong, March 3 (XINHUA)—Chinese officials in Hong Kong had reservations about the forecast reserves to be inherited by the future Special Administrative Region (SAR) of Hong Kong after Financial Secretary Hamish MacLeod delivered the 1994/95 budget.

According to MacLeod's budget presented Wednesday [2 March], the reserves for the future SAR Government are estimated to hit 269 billion H.K. dollars (about 34.487 billion U.S. dollars) after transfer of power in 1997.

Zhang Junsheng, deputy director of XINHUA NEWS AGENCY Hong Kong branch, said he welcomed MacLeod's statement that there would be more than 100 billion H.K. dollars (about 12.82 billion U.S. dollars) left in the government's reserves after 1997.

"If they are able to write it down, then we welcome it and hope they do what they say," Zhang said.

Zheng Guoxiong, another deputy director of XINHUA branch, said the financial arrangements for 1994/95 should follow the principle of keeping the expenditures within the limits of income.

Meanwhile, Tam Yiu-chung from the Democratic Alliance for the Betterment of Hong Kong, criticized the budget for failing to take measures to bring down inflation and property prices.

Huang Chen-ya of the United Democrats also criticized the government for not doing enough to combat property speculation.

Fred ~~Li~~ of the meeting point welcomed cuts in salaries tax but said his party did not accept one-percent cut of profits tax.

Editorials of WEN WEI PO and HONG KONG COMMERCIAL DAILY doubted the real motive of the government in the record-breaking tax giveaway.

Official Rejects Beijing Request for Reserves Guarantee

HK0403074294 Hong Kong SOUTH CHINA MORNING POST in English 4 Mar 94 pp 1, 2

[By Louis Ng]

[Text] Financial Secretary Sir Hamish Macleod yesterday rejected China's request to give a written guarantee that \$269 billion would be handed over to the Special Administrative Region (SAR) government by 1997.

A vice-director of the local XINHUA (the New China News Agency), Zhang Junsheng, challenged Sir Hamish's forecast in Wednesday's Budget that reserves of more than \$141 billion and a Land Fund of \$125 billion could be available to the SAR by March 1998.

"If they are able to write it down, then we welcome it and hope they do what they say. The more reserves the better," Mr. Zhang said yesterday. "But I do not know whether this is only a blank cheque."

Chinese Foreign Ministry spokesman Shen Guofang offered a more mild response when asked about the possibility of such huge reserves being left by the British. "China hopes that it (the Budget) will not leave a huge financial burden to Hong Kong people and the future SAR government," Mr. Shen said.

Xu Yongfu, senior economist at the Hong Kong branch of the Bank of China, said the surplus could have been bigger had there been no plans for overspending. "For example, the proportion of expenditure on social welfare is too big," he said. "What we are worried about is that Hong Kong, whose success lies very much on a spirit of diligence, will be turned into a welfare society."

Britain guaranteed under the Memorandum of Understanding with China on the vast airport projects that \$25

billion would be passed on. Sir Hamish responded that his "forecast" of the reserves growing to \$269 billion, with the SAR's Land Fund added, was already in "black and white". "It's there in black and white at the back of the Budget speech," he said on radio. However, he rejected the suggestion that any extra written undertaking should be made.

"I'm quite confident about those forecasts—but they are forecasts—they're based on assumptions," he said. "If things change radically then of course we change our policies accordingly, but they're secure, sensible and best-effect type forecasts."

He said he was confident that his present forecasts could cope with a normal down-side scenario of the economy. "I can say I am confident that the reserves are sufficient to cater for at least one or two years of what you might call normal downside scenario. We are not looking at horrendous downside scenarios because they are not likely," Sir Hamish said. "The reserves partly exist to let you ride out any temporary difficulty for a year or two, so you can avoid a stop-go policy on expenditure."

He also disagreed that his financial forecast was too optimistic. "I think it's probably better to say that we've been a little over-conservative in the past," he said. "We've revised the forecast upwards, it's true, in the light not just of last year but of the past three years. I would say it's still a fairly conservative forecast."

"It certainly does not assume that land sales, land prices and stock market turn-over continue at the present very-high rate."

Sir Hamish said he was cautious in his forecasts for land-related income such as premiums and property stamp duty as the Treasury did not anticipate the same level of return in the 1994/95 year as the revised estimates for the current year.

Secretary for the Treasury Donald Tsang Yam-kuen said that the property stamp duties to be collected in the current year would be \$12 billion and the estimate for next year would be slightly more than \$9 billion. Sir Hamish said that in forecasting land revenue, particularly on projections going beyond next year, the Government took a fairly cautious view. "We certainly don't project the existing level [of income] for we take a more cautious view than that."

Greater Capital Injection Into Airport Called For
HK0303153094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1115 GMT 2 Mar 94

["Roundup" by reporter Hong Wen (1738 5113)]

[Text] Hong Kong, 2 Mar (ZHONGGUO TONGXUN SHE)—The Sino-British Airport Committee will hold an experts group meeting tomorrow. Prior to this meeting, Financial Secretary Macleod announced the financial budget for the new fiscal year. What is noteworthy is that

the budget has verified that the Hong Kong Government had a surplus of 15 billion [Hong Kong] dollars last year. In other words, the Hong Kong Government has accumulated a surplus of more than 130 billion dollars this year. We believe that this figure is quite useful for airport experts to discuss capital injections and loans for the new airport at the upcoming airport experts meeting. Many personalities pointed out that since the Hong Kong Government possesses such a huge fund, it absolutely can increase its capital injection into the airport to reduce debts and enable China and Britain to reach an early agreement on the new airport financial arrangements.

Reports say that a new airport financial arrangement plan recently submitted to the Chinese side by the Hong Kong Government has suggested increasing the capital injection from 45.3 billion dollars to 60.3 billion dollars, to reduce the loan from 43 billion dollars to 23 billion dollars. However, the amount of this debt is still more than four times the 5-billion-dollar limit set by the Memorandum of Understanding on the new airport.

Ho Ching-on, member of the Airport Advisory Commission, said that at a time when the Sino-British talks on Hong Kong's constitutional structure have broken down, the Chinese side is still willing to reopen an experts group meeting; this indicates that the Chinese side still has sincerity. Therefore the British side should also show its sincerity and make further efforts to reduce the construction cost and increase its capital injection.

Legislative Councilor Chim Pui-chung, who represents people in financial circles, pointed out that if the British side still insists saying that the loan for the new airport railway does not fall into the category of "government debt," it will be difficult for the Chinese side to accept it. According to his analysis, on the question of loans—an issue on which China and Britain differ greatly—there is still room for flexible accommodation if the provisions of the Memorandum of Understanding are followed. Namely, if the loan exceeds 5 billion dollars, China and Britain should consult to reach an agreement for implementation. But the amount of loan should not be too high and should correspond with the principle of cost benefit.

But in Mr. Chim's and Mr. Ho's opinion, now is not the time to thoroughly resolve the above problem, because there are still great differences between the sides and the British side is still playing number games, which has caused difficulties to the talks. Therefore it is still difficult to reach a satisfactory agreement in the near future.

In addition, Li Weiting, assistant to the director of the Hong Kong XINHUA Branch, pointed out that the 5-billion-dollar limit can still be discussed by the experts group and that there is also room for flexible handling of land approval. But with the huge surplus, the Hong Kong Government absolutely can inject more capital and

follow the provisions of the Memorandum of Understanding. He added: The British side has destroyed the foundation for cooperation on the question of constitutional structure; regarding other aspects, it depends on future development. The Chinese side does not wish to see Hong Kong's economy and people's lives seriously affected, but many matters cannot be determined by one side only.

Chinese, UK Airport Experts Meet in Hong Kong
OW0303180294 Beijing XINHUA in English 1444
GMT 3 Mar 94

[Text] Hong Kong, February 3 (XINHUA)—The Chinese and British experts on the airport committee, after a six-month break, restarted talks here this afternoon, focusing on the fourth financing proposal put forward by the British side earlier.

After today's meeting, Chinese representative Hu Houcheng said that China has always backed the idea of building a new airport in Hong Kong.

China puts emphasis on efficiency and cost for the project, which should cause no financial burden on the future special administrative region of Hong Kong. Hu said, adding that the Chinese side had made suggestions for the British latest proposal.

The British representative said that the common ground between the two sides is quite considerable, but they have to make a bit more efforts in order to resolve the remaining technical issues.

In answer to media questions on this afternoon's session, a government spokesman described the meeting as "friendly and positive".

"This afternoon the Chinese side asked various questions about our fourth financing proposal, and we will be providing them with answers as soon as possible," the spokesman added.

Lu Ping's Speech at Hong Kong Affairs Advisers Ceremony

HK0403094194 Hong Kong WEN WEI PO in Chinese
3 Mar 94 p A11

["Full Text" of speech by State Council Hong Kong and Macao Affairs Office Director Lu Ping at ceremony reappointing Hong Kong affairs advisers for another term in Shenzhen on 2 March]

[Text] Advisers, ladies, and gentlemen:

Two years ago, we held a ceremony to present letters of appointment to the first group of Hong Kong affairs advisers in the solemn Great Hall of the People in Beijing. I am sure that all of you still recall the occasion as if it were yesterday. Two years have gone by quickly. As the term of office for the first group of Hong Kong affairs advisers is about to end, the State Council Hong

Kong and Macao Affairs Office and the XINHUA Hong Kong Branch have jointly decided to reappoint the first group of 43 advisers for another term. Today, as we hold this reappointment ceremony in the warm and blossoming city of Shenzhen, let me first offer my heartfelt congratulations to the reappointed advisers on behalf of the State Council Hong Kong and Macao Affairs Office and the XINHUA Hong Kong Branch!

Acting as Hong Kong affairs advisers to you is not so much an honor as a responsibility to be shouldered. First, this reflects your sense of responsibility as masters who regard it as their responsibility to achieve "one country, two systems," Hong Kong's smooth transition in 1997, and to maintain Hong Kong's stability and prosperity. On the other hand, it also embodies the Chinese Government's determination to ensure the "rule of Hong Kong by Hong Kong people" and to achieve a high degree of autonomy for Hong Kong. Precisely based on this high sense of responsibility, over the past two years you all have, through a variety of means and channels, put forward large numbers of valuable opinions and suggestions on a series of questions regarding Hong Kong's handover of power and a smooth transition. We alone have received hundreds of letters from advisers. The State Council Hong Kong and Macao Affairs Office and the XINHUA Hong Kong Branch have held many discussion meetings with advisers to listen directly to their opinions. All advisers, whether the first group or the second, have made their greatest efforts and done their best and have rendered very great help and support to our work. They are our think tank and a force we rely on in handling Hong Kong affairs. I would like to take this opportunity to express our deepest gratitude to all Hong Kong affairs advisers.

A few days ago, the British Hong Kong Legislative Council passed the partial bill which was formulated in accordance with Hong Kong Governor Chris Patten's "political reform proposals." The British Government even published a White Paper regarding the Sino-British talks on the political system. This series of unilateral measures, which have ruined cooperation, show that in the remaining three and a half years of the transition period, the British side will cling obstinately to its course and continue to pursue a policy that puts itself in confrontation with us. By doing so, they will only enable all kindhearted people to see clearly so that they no longer harbor any imagination about "cooperation" which the British side hangs on to verbally. Moreover, this will consolidate our determination to rely on our strength to ensure Hong Kong's smooth transition and long-term stability together with vast numbers of Hong Kong compatriots who love the country and who love Hong Kong. Mr. Deng Xiaoping said as early as 10 years ago: "It is psychology left over by the old colonialists that people trust that the Chinese in Hong Kong can exercise good rule over Hong Kong but do not trust that the Chinese are able to exercise good rule over Hong Kong." Deng added: "Hong Kong's prosperity has come about by the work of Hong Kong people the majority of whom

are Chinese." "Hong Kong people are able to exercise good rule over Hong Kong. We should have self-confidence in this." We believe that you advisers seated here and vast numbers of Hong Kong people have this self-confidence! At present, our country has social stability, its economy is developing continuously, and its international status is rising daily. More and more Hong Kong people are consciously standing on the side of safeguarding Hong Kong's stability and prosperity and peaceful transition. We are going to appoint the third group of Hong Kong affairs advisers soon. They will come from all strata and all quarters of the Hong Kong community. We can say that the contingent of Hong Kong affairs advisers has grown large and they are much more representative. This contingent will surely play a more important role on the road to achieving Hong Kong's reversion. It will gather thousands of people to form a large army to write a new epoch-making chapter for Hong Kong. Although the British side's lack of cooperation and confrontational attitude will place obstacles on our road of resuming the exercise of sovereignty and will make various kinds of trouble, with the strong backing of the motherland and with the concerted efforts of vast numbers of Hong Kong compatriots, we will have no insurmountable difficulties and dangers or unremovable obstacles!

Advisers, under the present situation, the burden on your shoulders is heavier and your tasks will multiply. I hope that all of you will continue your efforts, continue to use your talents, wisdom, experience, and influence to make a new and greater contribution at the critical stage as Hong Kong is reverting to the motherland.

Thank you!

Official on Dismantling Councils After 1997

HK2402134594 Hong Kong WEN WEI PO in Chinese
24 Feb 94 p A12

[Report: "Zhang Junsheng Says the Three-Tier Councils Unilaterally Set Up by the British Hong Kong Authorities Will Terminate When the Special Administrative Region Is Set Up"]

[Text] Zhang Junsheng, deputy director of XINHUA Hong Kong Branch, pointed out yesterday: The Chinese side hoped to reach an agreement on the 1994/95 electoral arrangements with the British side through negotiations, but Patten tabled the political reform bill to the Legislative Council and thus disrupted the talks. What bill the British Hong Kong Government adopts now is their own business. He stressed that the three-tier councils set up by the British Hong Kong authorities unilaterally would totally cease to exist on 30 June 1997. By that time, the Chinese Government will reorganize the three-tier councils in Hong Kong together with Hong Kong citizens in accordance with the Basic Law and its relevant provisions.

While attending a Spring Festival reception hosted by XINHUA's Kowloon office, Zhang Junsheng expressed

the above views when asked by a reporter about the Legislative Council debate on Patten's partial political reform bill.

Talking about the British side claiming to publicize the contents of the Sino-British talks, Zhang Junsheng reiterated that the Chinese side would certainly make an appropriate response if the British side unilaterally did so.

When a reporter asked him about the issue of continued service by civil servants at the directorate level after 1997, Zhang Junsheng said: The Basic Law has made definite stipulations on this issue. Except for secretaries and other senior officials who should be nominated by the chief executive of the special administrative region [SAR] and report to the central government for appointment, all other public servants may remain in employment.

Zhang Junsheng said: The 180,000 Hong Kong civil servants have served the Hong Kong people for a long time and have performed substantial work. They have also rendered considerable deeds toward the stability and prosperity of Hong Kong today. Zhang Junsheng hoped that they would remain in service and continue to serve the SAR government and the Hong Kong people sincerely after the establishment of the SAR government. As the government at that time will be the Chinese people's own government, they should serve it even more enthusiastically.

Preparatory Committee Discusses Resident Status, Retirement

OW0303055394 Beijing XINHUA Domestic Service in Chinese 1459 GMT 1 Mar 94

[Text] Beijing, 1 Mar (XINHUA)—The Social and Security Special Group under the Preliminary Working Committee [PWC] for the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] held its third meeting in Beijing from 28 February to 1 March.

The meeting studied the issue of granting Hong Kong SAR permanent resident status to returned emigrants who have become foreign nationals. Members tended to favor the application of the stipulations of Clause 4 under Article 24 of the Hong Kong SAR Basic Law to settle this issue. Considering the close relations between returned emigrants and Hong Kong, members held that prior to obtaining a fresh permanent resident status, returned emigrants may enjoy the rights to enter and stay in Hong Kong without restrictive conditions. The meeting also discussed the retirement security issue in Hong Kong as well as reviewed the issue's development and current situation in Hong Kong's history. Members unanimously felt that great importance should be attached to retirement security, a major issue that concerns the people's lives and is closely linked to the overall Hong Kong society. Members pointed out that retirement security should be treated separately from social

welfare. The system should be considered on the basis of Hong Kong's actual conditions, and the principle conducive to Hong Kong's social stability and economic prosperity should be upheld.

Government Pressed To Reveal More Details of Sino-UK Talks

HK2502102694 Hong Kong SOUTH CHINA
MORNING POST in English 25 Feb 94 p 1

[By Fanny Wong]

[Text] The Government was last night under intense pressure to disclose more details of the 17 rounds of secret talks on Hong Kong's future political reforms, only hours after publishing what it admitted was a "distilled" version of the negotiations.

Government sources insisted there had been no attempt to hide anything by not printing a fuller account and suggested instead that the administration did not want to bombard legislators and the community with "a barrage of papers".

But liberal legislators from the United Democrats of Hong Kong and Meeting Point last night demanded the Government reveal more than what was contained in the 36-page White Paper on the talks.

They said the White Paper was insufficient for people to make a proper judgment of the handling of the negotiations, which had led to an almost total breakdown in Sino-British relations with serious ramifications for the territory in the run-up to 1997.

Confusion mounted last night after the Chinese side rejected the British accounts of the talks.

Chief Chinese negotiator Jiang Enzhu briefed a group of Hong Kong members of the Preliminary Working Committee (PWC) with a different version of events.

There already had been a warning from Beijing that the British move might affect co-operation in other areas, including the crucial talks needed to get the new airport fully under way.

The Chinese side rejected the British suggestion that Beijing had changed its stance on issues such as the abolition of appointed seats to the district boards and municipal councils elections.

While announcing the publication of the White Paper yesterday and the gazetting today of the remaining parts of his controversial electoral package on the 1995 Legislative Council elections, the Governor, Chris Patten, stressed that the White Paper was "a thorough, factual account".

Noting that China had already disclosed some details of the talks in the People's Daily on January 7, Mr Patten said the British side had decided to publish its version to fulfil a promise to reveal details of the talks when pressing ahead with the remaining legislation without the Chinese Government's agreement.

Mr Patten said the White Paper set out the background to the present position and the approach which Britain took in the negotiations with China, as well as the modifications Britain was prepared to make to his 1992 proposals as part of an overall agreement including the through-train arrangement.

He said he regretted no agreement could be reached, but commended legislators for approving the first-stage bill early yesterday morning on the three simple issues.

The council approved the lowering of the voting age from 21 to 18, the adoption of the single-seat, single-vote system for the three-tier elections and the abolition of appointed seats on the district boards and municipal councils.

"I think it was an extremely important day for Hong Kong. I think it was an extremely important mature moment in Hong Kong's history," he said.

"Nobody can wipe it out. Nobody can pretend it didn't happen. Nobody can turn back the clock on what happened," Mr Patten said.

Defending the decision to publish only an abridged account, government sources said if a blow-by-blow account of the talks was included, the document would be as big as a phone book.

"It's not sensible and it's not helpful to bombard the Legislative Council, the Parliament and the Hong Kong community with a great barrage of papers. It is sensible to summarise it in this way, there's nothing missing from here," said a government source.

"It is a distillation, but everything that is important, everything that happens in the talks that is important is there."

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